



OHIO AUDITOR OF STATE  
**KEITH FABER**





**NOBLE COUNTY  
DECEMBER 31, 2018**

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

Noble County  
200 Courthouse Square  
Caldwell, Ohio 43724

To the Board of County Commissioners:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Noble County, Ohio (the County), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the Table of Contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Noble County, Ohio, as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund, Job and Family Services Fund, Motor Vehicle and Gasoline Tax Fund and Board of Developmental Disabilities Fund thereof, for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note 3 to the financial statements, during 2018, the County adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. We did not modify our opinion regarding this matter.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require this presentation to include Management's Discussion and Analysis, and the Schedule of Net Pension Asset, Schedules of Net Pension and Other Post-Employment Benefit Liabilities, and Pension and Other Post-Employment Benefit Contributions listed in the Table of Contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

#### *Supplementary Information*

Our audit was conducted to opine on the County's basic financial statements taken as a whole.

The Schedule of Expenditures of Federal Awards (the Schedule) presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

The Schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2019, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Keith Faber". The signature is written in a cursive, flowing style.

Keith Faber  
Auditor of State  
Columbus, Ohio

September 26, 2019

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**Financial Condition  
Noble County  
Management's Discussion and Analysis  
For the Year Ended December 31, 2018**

Management's Discussion and Analysis (MD&A) provides the reader with a narrative overview and analysis of the County of Noble, Ohio's (the County) financial activities for the year ended December 31, 2018. The intent of this discussion and analysis is to look at the County's financial performance as a whole. The MD&A should be read in conjunction with the basic financial statements and notes to the basic financial statements to enhance their understanding of the County's financial performance.

**Financial Highlights**

Key financial highlights for fiscal year 2018 are as follows:

- The assets of Noble County exceeded its liabilities at the close of the year ended December 31, 2018, by \$41,571,571 (net position). Of this amount, no amount may be used to meet the County's ongoing obligations to citizens and creditors as the entire balance is either restricted or invested in capital assets.
- The County's total net position increased by \$2,406,205 from the total net position at the beginning of the year 2018.
- At the end of the current year, the County reported unrestricted net position for governmental activities of (\$6,234,016).
- At the end of the current year, the County's governmental funds reported a combined ending fund balance of \$10,705,429, an increase of \$77,247 from the prior year. Of this amount, \$533,819 is available for spending (unassigned fund balance) on behalf of its citizens.
- At the end of the current year, unassigned fund balance for the General Fund was \$800,159, which represents 15 percent of total General Fund expenditures.

**Using this Annual Financial Report**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Noble County as a financial whole, an entire operating entity. The statements then proceed to present an increasingly detailed outline of specific activities and financial conditions.

The *Statement of Net Position* and *Statement of Activities* provide information about the activities of the whole County, presenting both an aggregate view of the County's finances and a longer-term view of those finances.

Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. Fund financial statements also report County's operations in more detail than the government-wide statements by providing information about the County's most financially significant funds. Nonmajor funds are presented separately from major funds in total and in one column.

**Government-Wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

**Financial Condition  
Noble County  
Management's Discussion and Analysis  
For the Year Ended December 31, 2018**

***Statement of Net Position and Statement of Activities***

While these documents contain information about the funds used by the County to provide services to our citizens, the view of the County as a whole looks at all financial transactions and asks the question, "How did we do financially during 2018?" The Statement of Net Position and the Statement of Activities answer this question.

The Statement of Net Position presents information on all of the County's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between these reported as net position. The Statement of Activities presents information showing how the County's net position changed during the current year. These statements are prepared using the accrual basis of accounting similar to the accounting method used by private sector companies. This basis of accounting takes into consideration all of the current year's revenues and expenses, regardless of when the cash is received or paid.

The change in net position is important because it tells the reader whether, for the County as a whole, the financial position of the County has improved or diminished. However, in evaluating the overall position of the County, nonfinancial information such as changes in the County's tax base and the condition of the County's capital assets will also need to be evaluated.

In the Statement of Net Position and the Statement of Activities, the County is divided into two kinds of activities:

**Governmental Activities** - Most of the County's programs and services are reported here, including general government, public safety, public works, health, human services, conservation and recreation, and economic development and assistance. These services are funded primarily by taxes and intergovernmental revenues, including federal and state grants and other shared revenues.

**Business-Type Activities** - This service is provided on a charge for goods or services basis to recover all or most of the cost of the services provided. The County's sewer system is reported here.

**Reporting Noble County's Most Significant Funds**

***Fund Financial Statements***

The basic governmental fund financial statements begin on page 17. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories; governmental funds, proprietary funds, and fiduciary funds. Based on the restriction on the use of moneys, the County has established many funds that account for the multitude of services provided to its residents. The fund financial statements focus on the County's most significant funds. The County's major governmental funds include the General Fund and the Job and Family Services, Motor Vehicle and Gasoline Tax, and Developmental Disabilities Special Revenue Funds.

**Financial Condition**  
**Noble County**  
**Management's Discussion and Analysis**  
**For the Year Ended December 31, 2018**

**Governmental Funds** Most of the County's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the County's general government operations and the basic services it provides. Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance governmental programs. The relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental *funds* is reconciled in the financial statements.

**Proprietary Funds** - The County maintains one proprietary fund - enterprise. Enterprise funds are used to report the same functions presented as business-type activities on the government-wide financial statements. The County uses an enterprise fund to account for the Sewer Fund operations.

**Fiduciary Funds** Fiduciary funds are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are not reflected on the government-wide financial statements because the resources from those funds are not available to support the County's programs. The accounting method used for fiduciary funds is much like that used in the private sector.

**Notes to the Basic Financial Statements** The notes provide additional information that is essential to the full understanding of the data provided on the government-wide and fund financial statements.

**Government-Wide Financial Analysis**

Recall that the Statement of Net Position provides the perspective of the County as a whole. Table 1 provides a summary of the County's net position for 2018 compared to 2017:

**Financial Condition**  
**Noble County**  
**Management's Discussion and Analysis**  
**For the Year Ended December 31, 2018**

Table 1  
Net Position

|                                       | Governmental Activities |                     | Business-Type Activities |                    | Total               |                     |
|---------------------------------------|-------------------------|---------------------|--------------------------|--------------------|---------------------|---------------------|
|                                       | 2018                    | 2017                | 2018                     | 2017               | 2018                | 2017                |
| <b>Assets</b>                         |                         |                     |                          |                    |                     |                     |
| Current and Other Assets              | \$19,253,061            | \$17,896,083        | \$517,945                | \$482,192          | \$19,771,006        | \$18,378,275        |
| Noncurrent Assets:                    |                         |                     |                          |                    |                     |                     |
| Net Pension Asset                     | 10,958                  | 0                   | 0                        | 0                  | 10,958              | 0                   |
| Capital Assets                        | 31,343,433              | 30,439,367          | 8,688,674                | 6,985,769          | 40,032,107          | 37,425,136          |
| Total Assets                          | <u>50,607,452</u>       | <u>48,335,450</u>   | <u>9,206,619</u>         | <u>7,467,961</u>   | <u>59,814,071</u>   | <u>55,803,411</u>   |
| <b>Deferred Outflows of Resources</b> |                         |                     |                          |                    |                     |                     |
| Pension                               | 1,711,360               | 3,403,952           | 0                        | 0                  | 1,711,360           | 3,403,952           |
| OPEB                                  | 379,167                 | 52,844              | 0                        | 0                  | 379,167             | 52,844              |
| Total Deferred Outflows of Resources  | <u>2,090,527</u>        | <u>3,456,796</u>    | <u>0</u>                 | <u>0</u>           | <u>2,090,527</u>    | <u>3,456,796</u>    |
| <b>Liabilities</b>                    |                         |                     |                          |                    |                     |                     |
| Current and Other Liabilities         | (910,803)               | (694,498)           | (139,124)                | (41,830)           | (1,049,927)         | (736,328)           |
| Long-Term Liabilities:                |                         |                     |                          |                    |                     |                     |
| Due Within One Year                   | (279,316)               | (232,550)           | (46,400)                 | (46,144)           | (325,716)           | (278,694)           |
| Due in More Than One Year:            |                         |                     |                          |                    |                     |                     |
| Net Pension Liability                 | (6,107,833)             | (8,474,282)         | 0                        | 0                  | (6,107,833)         | (8,474,282)         |
| Net OPEB Liability                    | (4,012,498)             | (3,611,881)         | 0                        | 0                  | (4,012,498)         | (3,611,881)         |
| Other Amounts                         | (1,883,214)             | (1,962,911)         | (683,014)                | (729,055)          | (2,566,228)         | (2,691,966)         |
| Total Liabilities                     | <u>(13,193,664)</u>     | <u>(14,976,122)</u> | <u>(868,538)</u>         | <u>(817,029)</u>   | <u>(14,062,202)</u> | <u>(15,793,151)</u> |
| <b>Deferred Inflows of Resources</b>  |                         |                     |                          |                    |                     |                     |
| Property Taxes                        | (4,535,291)             | (4,251,255)         | 0                        | 0                  | (4,535,291)         | (4,251,255)         |
| Pension                               | (1,436,630)             | (50,435)            | 0                        | 0                  | (1,436,630)         | (50,435)            |
| OPEB                                  | (298,904)               | 0                   | 0                        | 0                  | (298,904)           | 0                   |
| Total Deferred Inflows of Resources   | <u>(6,270,825)</u>      | <u>(4,301,690)</u>  | <u>0</u>                 | <u>0</u>           | <u>(6,270,825)</u>  | <u>(4,301,690)</u>  |
| <b>Net Position</b>                   |                         |                     |                          |                    |                     |                     |
| Net Investment in                     |                         |                     |                          |                    |                     |                     |
| Capital Assets                        | 29,904,687              | 28,904,501          | 7,836,889                | 6,183,452          | 37,741,576          | 35,087,953          |
| Restricted                            | 9,562,819               | 8,343,601           | 0                        | 0                  | 9,562,819           | 8,343,601           |
| Unrestricted (Deficit)                | (6,234,016)             | (4,733,668)         | 501,192                  | 467,480            | (5,732,824)         | (4,266,188)         |
| Total Net Position                    | <u>\$33,233,490</u>     | <u>\$32,514,434</u> | <u>\$8,338,081</u>       | <u>\$6,650,932</u> | <u>\$41,571,571</u> | <u>\$39,165,366</u> |

**Financial Condition  
Noble County  
Management's Discussion and Analysis  
For the Year Ended December 31, 2018**

The net pension liability (NPL) is the largest single liability reported by the County at December 31, 2018 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement 27". For 2018, the County adopted GASB Statement 75, "Account and Financial Reporting for Postemployment Benefits Other Than Pensions", which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the County's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability, and the net OPEB liability to the reported net position and subtracting the net pension asset and deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability or net OPEB liability*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability (asset) and the net OPEB liability to equal the County's proportionate share of each plan's collective:

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service
2. Minus plan assets available to pay these benefits

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of "employment exchange" - that is, the employee is trading his for her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the County is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

**Financial Condition**  
**Noble County**  
**Management's Discussion and Analysis**  
**For the Year Ended December 31, 2018**

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the Statement of Net Position.

In accordance with GASB 68 and GASB 75, the County's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability (asset) and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

As a result of implementing GASB 75, the County is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation also had the effect of restating net position at December 31, 2017 from \$42,724,403 to \$39,165,366.

As noted earlier, the County's net position, when reviewed over time, may serve as a useful indicator of the County's financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$41,571,571 (\$33,233,490 in governmental activities and \$8,338,081 in business-type activities) as of December 31, 2018. The County's net position is reflected in three categories, Net Investment in Capital Assets, Restricted, and Unrestricted. The largest portion of the County's net position (91 percent) reflects its investment in capital assets, (e.g., land, buildings and improvements, machinery, equipment, furniture and fixtures, vehicles, and infrastructure), net of related debt. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to pay these liabilities. The restricted portion of the County's net position (23 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance is a 14 percent deficit unrestricted net position. Unrestricted net position, if positive, may be used to meet the County's ongoing obligations to its citizens and creditors.

The County is showing an increase in current and other assets in the amount of \$1,392,731 for a couple of main reasons. Cash and cash equivalents increased in the amount of \$583,008. The County is continuing its effort to increase cash reserves to allow for an adequate carry over balance into the next year. Property taxes receivable increased in the amount of \$295,755 due to increased valuations from the prior year. Intergovernmental receivables increased in the amount of \$569,442 as the amount of awarded grants and the timing of those grant revenues have risen from the prior year. During 2018 capital assets increased by \$2,606,971 due to current year capitalizations (mostly sewer lines) and contributions exceeding depreciation.

Deferred outflows of resources decreased by \$1,366,269. This significant decrease was due to a decrease in amounts reported pursuant to GASB Statement Numbers 68 and 75.

Current and other liabilities increased by \$313,599 largely the result of an increase of contracts and retainage payables. Long-term liabilities relating to pension and OPEB decreased in the amount of \$1,965,832. This entity-wide pension/OPEB liability decrease represents the County's proportionate share of the OPERS plan's unfunded benefits.

**Financial Condition**  
**Noble County**  
**Management's Discussion and Analysis**  
**For the Year Ended December 31, 2018**

Changes in pension/OPEB benefits, contribution rates, and return on investments affect the balance of the net pension/OPEB liability.

Total long-term liabilities, excluding the net pension/OPEB liability, decreased by \$78,716 and are reflective of the County making required debt service payments on general obligation bonds and OWDA loans. In addition compensated absences payable increased by \$35,727 as employees pay rates and leave balances have risen from the prior year.

Deferred inflows of resources not related to pension recognizes at what point the County's receivables will be collected and this amount increased in the amount of \$284,036 from the prior year in correlation of the increase of property and intergovernmental receivables as mentioned earlier.

The County's total net position increased 6 percent or \$2,406,205 during 2018. However, for governmental activities, the change in the separate components of net position is more prevalent in unrestricted net position as it relates to pension and OPEB related items. Restricted net position increased by \$1,219,218 as restricted assets from external sources have outpaced their associated liabilities. Net investment in capital assets have increased by \$1,000,186. The majority of increase is the result of capital outlay and capital contributions exceeding depreciation in the current period. Changes in net position, both assets/deferred outflows of resources and liabilities/deferred inflows of resources, are summarized in Table 2.

Business-type activities reflect an increase in ending net position of \$1,687,149 or 25 percent of the prior year. The County completed its construction in the Lashley Addition Sewer line project.

In order to further understand what makes up the changes in net position for the current year, the following table gives readers further details regarding the results of activities for 2018 and 2017:

**Financial Condition  
Noble County  
Management's Discussion and Analysis  
For the Year Ended December 31, 2018**

Table 2  
Change in Net Position

|  | Governmental Activities |                     | Business-Type Activities |                    | Total               |                     |
|--|-------------------------|---------------------|--------------------------|--------------------|---------------------|---------------------|
|  | 2018                    | 2017                | 2018                     | 2017               | 2018                | 2017                |
| <b>Revenues:</b>                             |                         |                     |                          |                    |                     |                     |
| Program Revenues                             |                         |                     |                          |                    |                     |                     |
| Charges for Services                         | \$2,415,374             | \$2,348,778         | \$145,671                | \$179,668          | \$2,561,045         | \$2,528,446         |
| Operating Grants, Contributions and Interest | 7,354,197               | 6,271,442           | 0                        | 0                  | 7,354,197           | 6,271,442           |
| Capital Grants and Contributions             | 1,598,340               | 1,286,493           | 1,903,441                | 107,184            | 3,501,781           | 1,393,677           |
| <b>Total Program Revenues</b>                | <b>11,367,911</b>       | <b>9,906,713</b>    | <b>2,049,112</b>         | <b>286,852</b>     | <b>13,417,023</b>   | <b>10,193,565</b>   |
| General Revenues                             |                         |                     |                          |                    |                     |                     |
| Property Taxes                               | 4,277,965               | 4,410,485           | 0                        | 0                  | 4,277,965           | 4,410,485           |
| Sales Taxes                                  | 1,824,067               | 2,147,057           | 0                        | 0                  | 1,824,067           | 2,147,057           |
| Intergovernmental                            | 548,271                 | 816,900             | 0                        | 0                  | 548,271             | 816,900             |
| Investment Earnings                          | 181,549                 | 95,382              | 0                        | 0                  | 181,549             | 95,382              |
| Miscellaneous                                | 408,772                 | 563,916             | 216                      | 263                | 408,988             | 564,179             |
| <b>Total General Revenues</b>                | <b>7,240,624</b>        | <b>8,033,740</b>    | <b>216</b>               | <b>263</b>         | <b>7,240,840</b>    | <b>8,034,003</b>    |
| <b>Total Revenues</b>                        | <b>18,608,535</b>       | <b>17,940,453</b>   | <b>2,049,328</b>         | <b>287,115</b>     | <b>20,657,863</b>   | <b>18,227,568</b>   |
| <b>Program Expenses</b>                      |                         |                     |                          |                    |                     |                     |
| General Government                           |                         |                     |                          |                    |                     |                     |
| Legislative and Executive                    | 3,292,728               | 2,935,425           | 0                        | 0                  | 3,292,728           | 2,935,425           |
| Judicial                                     | 807,528                 | 770,615             | 0                        | 0                  | 807,528             | 770,615             |
| Public Safety                                | 2,803,841               | 2,390,571           | 0                        | 0                  | 2,803,841           | 2,390,571           |
| Public Works                                 | 4,180,994               | 4,022,436           | 0                        | 0                  | 4,180,994           | 4,022,436           |
| Health                                       | 1,695,109               | 1,779,885           | 0                        | 0                  | 1,695,109           | 1,779,885           |
| Human Services                               | 4,605,103               | 4,178,919           | 0                        | 0                  | 4,605,103           | 4,178,919           |
| Conservation and Recreation                  | 0                       | 45,000              | 0                        | 0                  | 0                   | 45,000              |
| Economic Development and Assistance          | 453,123                 | 637,107             | 0                        | 0                  | 453,123             | 637,107             |
| Interest and Fiscal Charges                  | 46,653                  | 48,776              | 0                        | 0                  | 46,653              | 48,776              |
| Sewer  | 0                       | 0                   | 366,579                  | 414,407            | 366,579             | 414,407             |
| <b>Total Expenses</b>                        | <b>17,885,079</b>       | <b>16,808,734</b>   | <b>366,579</b>           | <b>414,407</b>     | <b>18,251,658</b>   | <b>17,223,141</b>   |
| Increase before Transfers                    | 723,456                 | 1,131,719           | 1,682,749                | (127,292)          | 2,406,205           | 1,004,427           |
| Transfers                                    | (4,400)                 | 0                   | 4,400                    | 0                  | 0                   | 0                   |
| <b>Change in Net Position</b>                | <b>719,056</b>          | <b>1,131,719</b>    | <b>1,687,149</b>         | <b>(127,292)</b>   | <b>2,406,205</b>    | <b>1,004,427</b>    |
| Net Position Beginning of Year               | 32,514,434              | N/A                 | 6,650,932                | N/A                | 39,165,366          | N/A                 |
| <b>Net Position End of Year</b>              | <b>\$33,233,490</b>     | <b>\$32,514,434</b> | <b>\$8,338,081</b>       | <b>\$6,650,932</b> | <b>\$41,571,571</b> | <b>\$39,165,366</b> |

The information necessary to restate the 2017 beginning balances and the 2017 OPEB expense amounts for the effects of the initial implementation of GASB 75 is not available. Therefore, 2017 functional expenses still include OPEB expense of \$52,844 computed under GASB 45. GASB 45 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 75, OPEB expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of OPEB expense. Under GASB 75, the 2018 statements report negative OPEB expense of \$375,770. Consequently, in order to compare 2018 total program expenses to 2017, the following adjustments are needed:



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|  | Governmental<br>Activities | Business-Type<br>Activities | Total        |
|--|----------------------------|-----------------------------|--------------|
| Total 2018 program expenses under GASB 75        | \$17,885,079               | \$366,579                   | \$18,251,658 |
| OPEB expense under GASB 75                       | (375,770)                  | 0                           | (375,770)    |
| 2018 contractually required contribution         | 2,572                      | 0                           | 2,572        |
| Adjusted 2018 program expenses                   | 17,511,881                 | 366,579                     | 17,878,460   |
| Total 2017 program expenses under GASB 45        | 16,808,734                 | 414,407                     | 17,223,141   |
| Decrease in program expenses not related to OPEB | \$703,147                  | (\$47,828)                  | \$655,319    |

**Governmental Activities**

The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. As the result of legislation enacted in 1976, the overall revenue generated by a levy will not increase solely as a result of inflation. As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home was reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay \$35.00.

Our County, which is dependent upon property taxes is hampered by a lack of revenue growth and must periodically return to the voters to maintain a constant level of service. The last successful levy renewal/passage was passed during the November 2015 election. Property and sales taxes made up 33 percent of revenues for governmental activities for Noble County in the year 2018.

The largest Governmental Activities program expenses are human services, public works, and legislative and executive which collectively comprises 68 percent of total expenses. Each program expense increased from the prior year. Although the County is trying to maintain expenses within allowable resources, increases in pension/OPEB costs which are not within the County's administrative control, have significantly added to these program costs. The largest changes were in the human services program which showed an increase in the amount of \$426,184 primarily relating to the activities of the County department of job and family services. Interest expense during fiscal year 2018 was \$46,653 and was attributable to outstanding general obligation bonds.

**Business-Type Activities**

The net position for business-type activities increased \$1,687,149 during 2018. Capital grants and contributions increased by \$1,796,257 as the County participated in capital grants as a source of funding for construction of sewer lines. Expenses showed little change as operating costs remained consistent with previous year amounts.

The Statement of Activities shows the cost of program services and the charges for services, grants, contributions, and interest offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements and interest.

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Table 3

|                                     | Total Cost of<br>Services<br><u>2018</u> | Net Cost<br>of Services<br><u>2018</u> | Total Cost of<br>Services<br><u>2017</u> | Net Cost<br>of Services<br><u>2017</u> |
|-------------------------------------|--|--|--|--|
| General Government                  |  |  |  |  |
| Legislative and Executive           | \$3,292,728                              | \$1,939,203                            | \$2,935,425                              | \$1,643,757                            |
| Judicial                            | 807,528                                  | 609,946                                | 770,615                                  | 592,383                                |
| Public Safety                       | 2,803,841                                | 1,715,376                              | 2,390,571                                | 1,614,418                              |
| Public Works                        | 4,180,994                                | (116,556)                              | 4,022,436                                | (604,655)                              |
| Health                              | 1,695,109                                | 1,470,050                              | 1,779,885                                | 1,556,569                              |
| Human Services                      | 4,605,103                                | 1,655,975                              | 4,178,919                                | 1,492,577                              |
| Conservation and Recreation         | 0  | (677,757)                              | 45,000                                   | 0                                      |
| Economic Development and Assistance | 453,123                                  | (125,722)                              | 637,107                                  | 558,196                                |
| Interest and Fiscal Charges         | 46,653                                   | 46,653                                 | 48,776                                   | 48,776                                 |
| Total Expenses                      | <u>\$17,885,079</u>                      | <u>\$6,517,168</u>                     | <u>\$16,808,734</u>                      | <u>\$6,902,021</u>                     |

Operating grants, contributions, and interest (65 percent) are the primary source of program revenues, whereas property and sales taxes (84 percent) are the primary sources of general revenues. The County's dependence upon tax revenues for the shortfall in program revenues is apparent. The net cost of \$1,939,203 in the legislative and executive program represents activities that serve the County's residents. As a result, this program relies on the general revenues of the County to support its activities. Other programs that have a large net cost are the public safety, human services, and health programs. To help reduce the tax burden and increase program revenues for public safety programs, the County has contracts for the housing of prisoners from other entities outside the County. Also, the voters have approved tax levies for the developmental disabilities and health department programs to provide general revenue for the implementation of these health programs in the County. Tax levies have also been approved for ambulance and senior citizens services in order to cover the net cost of these human service programs.

**The County's Funds**

*Governmental Funds* - The focus of the County's governmental-type activities is to provide information on near-term receipts, disbursements, and balances of spendable resources. Such information is useful in assessing the County's financial requirements. In particular, unreserved fund balance may serve as a useful measure of a County's net resources available for spending at the end of the calendar year.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$800,159 with a total fund balance of \$3,407,275. Unassigned fund balance represents 15 percent of expenditures. This is one measurement of the General Fund's liquidity. The fund balance of the General Fund decreased by \$346,565 which is 9 percent of the prior year

The Job and Family Services Special Revenue Fund balance increased minimally by \$15,088. This change shows the impact that state and federal funding can have on the effort of the County to try and keep expenditures in line with/or below current revenue streams.

The Motor Vehicle and Gasoline Tax Special Revenue Fund balance increased by \$204,791 from 2017. Decreased expenditures in the amount of \$275,418 relating to the County's road and bridge projects are the reason for this increase.

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The Developmental Disabilities Special Revenue Fund balance increased in the amount of \$182,409 which represents approximately 24 percent of expenditures. This department strives to keep current year expenditures less than beginning balance in anticipation of avoiding deficit spending. The property tax levy approved by the voters helps the County achieve this goal.

*Proprietary Fund* - The County maintains one type of proprietary fund - enterprise. Enterprise funds are used to report functions presented as business-type activities on the government-wide financial statements. The County uses an enterprise fund to account for the Sewer Fund activities. As of December 31, 2018, the net position for the County's enterprise fund was \$8,338,081. Of that total, \$501,192 represents unrestricted net position that is available for spending at the County's discretion. The remainder of this net position is invested in capital assets reduced by the borrowing used to fund these assets.

**General Fund Budgeting Highlights**

The County's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. By State statute, the Board of County Commissioners adopts a permanent annual operating budget for the County prior to the first day of April.

During the course of 2018 the County's original budget was amended several times but not significant in total.

For the General Fund, final budgeted revenue estimates were \$1,722,609 lower than actual results. This was due to conservative estimates for charges for services and the sales taxes that are hard to predict actual results. Final budgeted amounts in the legislative and executive program were \$424,942 higher than actual amounts. The County expected more expenditures in the contingency line item of the General Fund's budget that did not occur.

The County's General Fund ending unobligated cash balance was \$2,636,475 above the final budgeted amounts primarily due to conservative estimates for both revenues and expenditures.

**Capital Assets and Debt Administration**

**Capital Assets**

The County's capital assets for governmental and business-type activities as of December 31, 2018, were \$40,032,107 (net of accumulated depreciation). This includes land, construction in progress, buildings and improvements, machinery, equipment, furniture and fixtures, vehicles, and infrastructure. Table 4 shows fiscal year 2018 balances compared to 2017 after accumulated depreciation of \$14,255,576 and \$1,148,306, respectively:

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Table 4  
Capital Assets  
(Net of Depreciation)

|   | Governmental Activities |                     | Business-Type Activities |                    | Total               |                     |
|---|-------------------------|---------------------|--------------------------|--------------------|---------------------|---------------------|
|   | 2018                    | 2017                | 2018                     | 2017               | 2018                | 2017                |
| Land  | \$865,586               | \$794,086           | \$17,500                 | \$17,500           | \$883,086           | \$811,586           |
| Construction in Progress                        | 0                       | 0                   | 0                        | 117,888            | 0                   | 117,888             |
| Gravel Roads/Bases                              | 12,809,356              | 12,809,356          | 0                        | 0                  | 12,809,356          | 12,809,356          |
| Buildings and Improvements                      | 6,894,332               | 6,281,886           | 0                        | 0                  | 6,894,332           | 6,281,886           |
| Machinery, Equipment,<br>Furniture and Fixtures | 871,946                 | 722,065             | 0                        | 0                  | 871,946             | 722,065             |
| Vehicles  | 774,983                 | 854,048             | 4,400                    | 0                  | 779,383             | 854,048             |
| Infrastructure                                  | 9,127,230               | 8,977,926           | 8,666,774                | 6,850,381          | 17,794,004          | 15,828,307          |
| <b>Total Capital Assets</b>                     | <b>\$31,343,433</b>     | <b>\$30,439,367</b> | <b>\$8,688,674</b>       | <b>\$6,985,769</b> | <b>\$40,032,107</b> | <b>\$37,425,136</b> |

For governmental activities, major capital asset additions during 2018 included work on the County's roads and bridges and the purchase/improvements of the County Bureau of Motor Vehicles building. For business-type activities, the net increase in book value amounts from the prior year results from current year capitalizations exceeding depreciation. See Note 11 for more detailed information on the County's capital assets.

**Debt**

At December 31, 2018, the County had \$2,166,783 in outstanding long-term debt with \$116,597 due within one year. Table 5 outlines the long-term debt held by the County during 2018 and 2017.

Table 5  
Long-Term Debt

|                             | Governmental Activities |                    | Business-Type Activities |                  | Total              |                    |
|-----------------------------|-------------------------|--------------------|--------------------------|------------------|--------------------|--------------------|
|                             | 2018                    | 2017               | 2018                     | 2017             | 2018               | 2017               |
| General Obligation Bonds    | \$1,438,746             | \$1,507,129        | \$0                      | \$0              | \$1,438,746        | \$1,507,129        |
| OWDA Loans                  | 0                       | 0                  | 728,037                  | 774,097          | 728,037            | 774,097            |
| <b>Total Long-Term Debt</b> | <b>\$1,438,746</b>      | <b>\$1,507,129</b> | <b>\$728,037</b>         | <b>\$774,097</b> | <b>\$2,166,783</b> | <b>\$2,281,226</b> |

The 2014 County Services Facilities Bonds were originally issued in the amount of \$1,700,000 for the purpose of constructing a county facilities building. The debt is being retired through the Bond Retirement Debt Service Fund with transfers from the General Fund. The OWDA Loans were issued during 2009 through 2018 for the purpose of planning, designing, and construction of sanitary sewer lines. See Note 17 for more detailed information on the County's debt. In addition to the above debt, the County is presenting long-term liabilities for net pension/OPEB liability and compensated absences.

**Contacting the County's Financial Management**

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information contact Peggy Davis, Auditor of Noble County, Courthouse, Caldwell, Ohio 43724.

**Noble County, Ohio**  
**Statement of Net Position**  
**December 31, 2018**

|  | Primary Government         |                             |                     |
|--|----------------------------|-----------------------------|---------------------|
|  | Governmental<br>Activities | Business-Type<br>Activities | Total               |
| <b>Assets</b>  |                            |                             |                     |
| Equity in Pooled Cash and Cash Equivalents                   | \$10,520,748               | \$258,189                   | \$10,778,937        |
| Materials and Supplies Inventory                             | 242,927                    | 0                           | 242,927             |
| Accrued Interest Receivable                                  | 1,454                      | 0                           | 1,454               |
| Accounts Receivable  | 17,725                     | 139,469                     | 157,194             |
| Internal Balance   | (111)                      | 111                         | 0                   |
| Prepaid Items  | 156,242                    | 3,028                       | 159,270             |
| Permissive Motor Vehicle License Tax Receivable              | 3,772                      | 0                           | 3,772               |
| Sales Taxes Receivable                                       | 570,601                    | 0                           | 570,601             |
| Property and Other Local Taxes Receivable                    | 4,644,115                  | 0                           | 4,644,115           |
| Intergovernmental Receivable                                 | 3,057,394                  | 117,148                     | 3,174,542           |
| Loans Receivable   | 38,194                     | 0                           | 38,194              |
| Net Pension Asset  | 10,958                     | 0                           | 10,958              |
| Non-Depreciable Capital Assets                               | 13,674,942                 | 17,500                      | 13,692,442          |
| Depreciable Capital Assets, Net                              | 17,668,491                 | 8,671,174                   | 26,339,665          |
| <i>Total Assets</i>  | <u>50,607,452</u>          | <u>9,206,619</u>            | <u>59,814,071</u>   |
| <b>Deferred Outflows of Resources</b>                        |                            |                             |                     |
| Pension  | 1,711,360                  | 0                           | 1,711,360           |
| OPEB   | 379,167                    | 0                           | 379,167             |
| <i>Total Deferred Outflows of Resources</i>                  | <u>2,090,527</u>           | <u>0</u>                    | <u>2,090,527</u>    |
| <b>Liabilities</b>   |                            |                             |                     |
| Matured Compensated Absences Payable                         | 14,756                     | 0                           | 14,756              |
| Accrued Wages and Benefits                                   | 267,760                    | 383                         | 268,143             |
| Intergovernmental Payable                                    | 160,244                    | 12,263                      | 172,507             |
| Accounts Payable   | 260,320                    | 2,730                       | 263,050             |
| Contracts Payable  | 126,089                    | 21,010                      | 147,099             |
| Retainage Payable  | 4,363                      | 102,738                     | 107,101             |
| Accrued Interest Payable                                     | 17,259                     | 0                           | 17,259              |
| Unearned Revenue   | 60,012                     | 0                           | 60,012              |
| Long-Term Liabilities:                                       |                            |                             |                     |
| Due Within One Year  | 279,316                    | 46,400                      | 325,716             |
| Due In More Than One Year:                                   |                            |                             |                     |
| Net Pension Liability (See Note 13)                          | 6,107,833                  | 0                           | 6,107,833           |
| Net OPEB Liability (See Note 14)                             | 4,012,498                  | 0                           | 4,012,498           |
| Other Amounts Due in More Than One Year                      | 1,883,214                  | 683,014                     | 2,566,228           |
| <i>Total Liabilities</i>                                     | <u>13,193,664</u>          | <u>868,538</u>              | <u>14,062,202</u>   |
| <b>Deferred Inflows of Resources</b>                         |                            |                             |                     |
| Property Taxes not Levied to Finance Current Year Operations | 4,535,291                  | 0                           | 4,535,291           |
| Pension  | 1,436,630                  | 0                           | 1,436,630           |
| OPEB   | 298,904                    | 0                           | 298,904             |
| <i>Total Deferred Inflows of Resources</i>                   | <u>6,270,825</u>           | <u>0</u>                    | <u>6,270,825</u>    |
| <b>Net Position</b>  |                            |                             |                     |
| Net Investment in Capital Assets                             | 29,904,687                 | 7,836,889                   | 37,741,576          |
| Restricted for:  |                            |                             |                     |
| Public Assistance  | 63,308                     | 0                           | 63,308              |
| Child Support Enforcement                                    | 437,507                    | 0                           | 437,507             |
| Motor Vehicle Registration                                   | 2,364,577                  | 0                           | 2,364,577           |
| Developmental Disabilities                                   | 1,431,373                  | 0                           | 1,431,373           |
| Community Development  | 631,660                    | 0                           | 631,660             |
| Revolving Loan Program                                       | 96,484                     | 0                           | 96,484              |
| Real Estate Assessment                                       | 1,174,123                  | 0                           | 1,174,123           |
| Delinquent Real Estate Tax and Collection                    | 172,824                    | 0                           | 172,824             |
| Court Corrections  | 308,916                    | 0                           | 308,916             |
| Ambulance Services   | 1,096,018                  | 0                           | 1,096,018           |
| Cooperative Extension  | 563,259                    | 0                           | 563,259             |
| Senior Citizens Services                                     | 270,559                    | 0                           | 270,559             |
| Federal Emergency Management                                 | 190,069                    | 0                           | 190,069             |
| 911 Services   | 401,813                    | 0                           | 401,813             |
| Other Purposes   | 360,329                    | 0                           | 360,329             |
| Unrestricted (Deficit)                                       | (6,234,016)                | 501,192                     | (5,732,824)         |
| <i>Total Net Position</i>                                    | <u>\$33,233,490</u>        | <u>\$8,338,081</u>          | <u>\$41,571,571</u> |

See accompanying notes to the basic financial statements

**Noble County, Ohio  
Statement of Activities  
For the Year Ended December 31, 2018**

|   | Program Revenues    |                         |   | Net (Expense) Revenue and<br>Change in Net Position |                            |                             |                    |
|---|---------------------|-------------------------|---|---|----------------------------|-----------------------------|--------------------|
|   | Expenses            | Charges for<br>Services | Operating Grants,<br>Contributions,<br>and Interest | Capital Grants and<br>Contributions                 | Governmental<br>Activities | Business-Type<br>Activities | Total              |
| <b>Governmental Activities:</b>                             |                     |                         |   |   |                            |                             |                    |
| General Government:   |                     |                         |   |   |                            |                             |                    |
| Legislative and Executive                                   | \$3,292,728         | \$1,312,206             | \$41,319  | \$0   | (\$1,939,203)              | \$0                         | (\$1,939,203)      |
| Judicial  | 807,528             | 175,874                 | 21,708  | 0   | (609,946)                  | 0                           | (609,946)          |
| Public Safety   | 2,803,841           | 385,385                 | 407,116   | 295,964   | (1,715,376)                | 0                           | (1,715,376)        |
| Public Works  | 4,153,958           | 126,674                 | 3,480,375   | 663,465   | 116,556                    | 0                           | 116,556            |
| Public Works - External Portion                             | 27,036              | 0                       | 0   | 27,036  | 0                          | 0                           | 0                  |
| Health  | 1,695,109           | 34,736                  | 190,323   | 0   | (1,470,050)                | 0                           | (1,470,050)        |
| Human Services  | 4,605,103           | 358,614                 | 2,590,514   | 0   | (1,655,975)                | 0                           | (1,655,975)        |
| Conservation and Recreation                                 | 0                   | 21,885                  | 43,997  | 611,875   | 677,757                    | 0                           | 677,757            |
| Economic Development and Assistance                         | 38,279              | 0                       | 550,848   | 0   | 512,569                    | 0                           | 512,569            |
| Economic Development and Assistance -<br>External Portion   | 414,844             | 0                       | 27,997  | 0   | (386,847)                  | 0                           | (386,847)          |
| Interest and Fiscal Charges                                 | 46,653              | 0                       | 0   | 0   | (46,653)                   | 0                           | (46,653)           |
| <i>Total Governmental Activities</i>                        | <u>17,885,079</u>   | <u>2,415,374</u>        | <u>7,354,197</u>                                    | <u>1,598,340</u>                                    | <u>(6,517,168)</u>         | <u>0</u>                    | <u>(6,517,168)</u> |
| <b>Business-Type Activities:</b>                            |                     |                         |   |   |                            |                             |                    |
| Sewer   | 366,579             | 145,671                 | 0   | 1,903,441   | 0                          | 1,682,533                   | 1,682,533          |
| <i>Total Business-Type Activities</i>                       | <u>366,579</u>      | <u>145,671</u>          | <u>0</u>  | <u>1,903,441</u>                                    | <u>0</u>                   | <u>1,682,533</u>            | <u>1,682,533</u>   |
| <i>Total Primary Government</i>                             | <u>\$18,251,658</u> | <u>\$2,561,045</u>      | <u>\$7,354,197</u>                                  | <u>\$3,501,781</u>                                  | <u>(6,517,168)</u>         | <u>1,682,533</u>            | <u>(4,834,635)</u> |
| <b>General Revenues</b>                                     |                     |                         |   |   |                            |                             |                    |
| Property Taxes Levied for:                                  |                     |                         |   |   |                            |                             |                    |
| General Purposes  |                     |                         |   | 1,550,415   | 0                          | 1,550,415                   |                    |
| Public Works  |                     |                         |   | 466,560   | 0                          | 466,560                     |                    |
| Health  |                     |                         |   | 1,545,203   | 0                          | 1,545,203                   |                    |
| Human Services  |                     |                         |   | 715,787   | 0                          | 715,787                     |                    |
| Sales Taxes Levied for General Purposes                     |                     |                         |   | 1,824,067   | 0                          | 1,824,067                   |                    |
| Grants and Entitlements not Restricted to Specific Programs |                     |                         |   | 548,271   | 0                          | 548,271                     |                    |
| Investment Earnings   |                     |                         |   | 181,549   | 0                          | 181,549                     |                    |
| Miscellaneous   |                     |                         |   | 408,772   | 216                        | 408,988                     |                    |
| <i>Total General Revenues</i>                               |                     |                         |   | <u>7,240,624</u>                                    | <u>216</u>                 | <u>7,240,840</u>            |                    |
| Transfers   |                     |                         |   | (4,400)   | 4,400                      | 0                           |                    |
| <i>Total General Revenues and Transfers</i>                 |                     |                         |   | <u>7,236,224</u>                                    | <u>4,616</u>               | <u>7,240,840</u>            |                    |
| <i>Change in Net Position</i>                               |                     |                         |   | 719,056   | 1,687,149                  | 2,406,205                   |                    |
| Net Position Beginning of Year (Restated - See Note 3)      |                     |                         |   | <u>32,514,434</u>                                   | <u>6,650,932</u>           | <u>39,165,366</u>           |                    |
| <i>Net Position End of Year</i>                             |                     |                         |   | <u>\$33,233,490</u>                                 | <u>\$8,338,081</u>         | <u>\$41,571,571</u>         |                    |

See accompanying notes to the basic financial statements

**Noble County, Ohio  
Balance Sheet  
Governmental Funds  
December 31, 2018**

|  | General            | Job and<br>Family<br>Services | Motor<br>Vehicle and<br>Gasoline Tax | Developmental<br>Disabilities | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|--------------------|-------------------------------|--------------------------------------|-------------------------------|--------------------------------|--------------------------------|
| <b>Assets</b>  |                    |                               |                                      |                               |                                |                                |
| Equity in Pooled Cash and Cash Equivalents                                     | \$2,984,816        | \$95,090                      | \$901,181                            | \$1,387,946                   | \$5,145,214                    | \$10,514,247                   |
| Sales Tax Receivable   | 570,601            | 0                             | 0                                    | 0                             | 0                              | 570,601                        |
| Materials and Supplies Inventory   | 42,333             | 500                           | 191,794                              | 1,200                         | 7,100                          | 242,927                        |
| Accrued Interest Receivable  | 1,350              | 0                             | 104                                  | 0                             | 0                              | 1,454                          |
| Accounts Receivable  | 10,646             | 0                             | 0                                    | 0                             | 7,079                          | 17,725                         |
| Intergovernmental Receivable   | 329,866            | 53,329                        | 1,563,158                            | 82,688                        | 1,028,353                      | 3,057,394                      |
| Interfund Receivable   | 189,900            | 322,042                       | 49                                   | 0                             | 67,048                         | 579,039                        |
| Prepaid Items  | 51,058             | 13,924                        | 15,556                               | 14,706                        | 60,998                         | 156,242                        |
| Property and Other Local Taxes Receivable                                      | 1,668,122          | 0                             | 0                                    | 903,884                       | 2,072,109                      | 4,644,115                      |
| Permissive Motor Vehicle License Tax Receivable                                | 0                  | 0                             | 3,772                                | 0                             | 0                              | 3,772                          |
| Loans Receivable   | 0                  | 0                             | 0                                    | 0                             | 38,194                         | 38,194                         |
| Restricted Cash and Cash Equivalents   | 6,501              | 0                             | 0                                    | 0                             | 0                              | 6,501                          |
| <b>Total Assets</b>  | <u>\$5,855,193</u> | <u>\$484,885</u>              | <u>\$2,675,614</u>                   | <u>\$2,390,424</u>            | <u>\$8,426,095</u>             | <u>\$19,832,211</u>            |
| <b>Liabilities and Fund Balances</b>   |                    |                               |                                      |                               |                                |                                |
| <b>Liabilities</b>   |                    |                               |                                      |                               |                                |                                |
| Matured Compensated Absences Payable   | \$0                | \$0                           | \$0                                  | \$0                           | \$14,756                       | \$14,756                       |
| Accounts Payable   | 50,098             | 23,809                        | 67,384                               | 2,229                         | 116,800                        | 260,320                        |
| Accrued Wages Payable  | 109,590            | 52,779                        | 63,091                               | 5,245                         | 37,055                         | 267,760                        |
| Contracts Payable  | 14,521             | 601                           | 0                                    | 0                             | 110,967                        | 126,089                        |
| Retainage Payable  | 0                  | 0                             | 0                                    | 0                             | 4,363                          | 4,363                          |
| Interfund Payable  | 407                | 129,765                       | 56                                   | 0                             | 448,922                        | 579,150                        |
| Unearned Revenue   | 0                  | 0                             | 0                                    | 0                             | 60,012                         | 60,012                         |
| Intergovernmental Payable  | 55,187             | 19,034                        | 22,263                               | 46,218                        | 17,542                         | 160,244                        |
| <b>Total Liabilities</b>   | <u>229,803</u>     | <u>225,988</u>                | <u>152,794</u>                       | <u>53,692</u>                 | <u>810,417</u>                 | <u>1,472,694</u>               |
| <b>Deferred Inflows of Resources</b>   |                    |                               |                                      |                               |                                |                                |
| Property Taxes not Levied to Finance Current Year Operations                   | 1,623,380          | 0                             | 0                                    | 888,877                       | 2,023,034                      | 4,535,291                      |
| Unavailable Revenue  | 594,735            | 312,163                       | 1,036,278                            | 74,156                        | 1,101,465                      | 3,118,797                      |
| <b>Total Deferred Inflows of Resources</b>                                     | <u>2,218,115</u>   | <u>312,163</u>                | <u>1,036,278</u>                     | <u>963,033</u>                | <u>3,124,499</u>               | <u>7,654,088</u>               |
| <b>Fund Balances</b>   |                    |                               |                                      |                               |                                |                                |
| Nonspendable   | 99,892             | 14,424                        | 207,350                              | 15,906                        | 106,292                        | 443,864                        |
| Restricted   | 0                  | 0                             | 1,279,192                            | 1,357,793                     | 4,583,537                      | 7,220,522                      |
| Committed  | 38,852             | 0                             | 0                                    | 0                             | 0                              | 38,852                         |
| Assigned   | 2,468,372          | 0                             | 0                                    | 0                             | 0                              | 2,468,372                      |
| Unassigned (Deficit)   | 800,159            | (67,690)                      | 0                                    | 0                             | (198,650)                      | 533,819                        |
| <b>Total Fund Balances (Deficit)</b>   | <u>3,407,275</u>   | <u>(53,266)</u>               | <u>1,486,542</u>                     | <u>1,373,699</u>              | <u>4,491,179</u>               | <u>10,705,429</u>              |
| <b>Total Liabilities, Deferred Inflows of Resources,<br/>and Fund Balances</b> | <u>\$5,855,193</u> | <u>\$484,885</u>              | <u>\$2,675,614</u>                   | <u>\$2,390,424</u>            | <u>\$8,426,095</u>             |                                |

Amounts reported for governmental activities in the statement of net position are different because of the following:

Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds. 31,343,433

Other long-term assets are not available to pay for current-period expenditures and, therefore, deferred in the funds:

|                                     |                  |           |
|-------------------------------------|------------------|-----------|
| Property Taxes Receivable           | 108,824          |           |
| Sales Tax Receivable                | 168,617          |           |
| Accounts Receivable                 | 535,513          |           |
| Intergovernmental Receivables       | <u>2,305,843</u> |           |
| <b>Total Other Long-Term Assets</b> |                  | 3,118,797 |

The net pension asset, net pension liability, and net OPEB liability are not due and payable in the current period, therefore, the asset, liability, and related deferred inflows/outflows are not reported in governmental funds:

|                             |                    |             |
|-----------------------------|--------------------|-------------|
| Net Pension Asset           | 10,958             |             |
| Deferred Outflows - Pension | 1,711,360          |             |
| Deferred Inflows - Pension  | (1,436,630)        |             |
| Net Pension Liability       | (6,107,833)        |             |
| Deferred Outflows - OPEB    | 379,167            |             |
| Deferred Inflows - OPEB     | (298,904)          |             |
| Net OPEB Liability          | <u>(4,012,498)</u> |             |
| <b>Total</b>                |                    | (9,754,380) |

Long-term liabilities and accrued interest are not due and payable in the current period and, therefore, are not reported in the funds:

|                                    |                 |             |
|------------------------------------|-----------------|-------------|
| General Obligation Bonds           | (1,438,746)     |             |
| Compensated Absences               | (723,784)       |             |
| Accrued Interest Payable           | <u>(17,259)</u> |             |
| <b>Total Long-Term Liabilities</b> |                 | (2,179,789) |

Net Position of Governmental Activities \$33,233,490

See accompanying notes to the basic financial statements

**Noble County, Ohio**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended December 31, 2018**

|   | General            | Job and<br>Family<br>Services | Motor<br>Vehicle and<br>Gasoline Tax | Developmental<br>Disabilities | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|--------------------|-------------------------------|--------------------------------------|-------------------------------|--------------------------------|--------------------------------|
| <b>Revenues</b>                                     |                    |                               |                                      |                               |                                |                                |
| Property Taxes                                      | \$1,543,872        | \$0                           | \$0                                  | \$810,091                     | \$1,908,581                    | \$4,262,544                    |
| Sales Taxes   | 1,833,050          | 0                             | 0                                    | 0                             | 0                              | 1,833,050                      |
| Permissive Motor Vehicle License Taxes              | 0                  | 0                             | 56,115                               | 0                             | 0                              | 56,115                         |
| Charges for Services                                | 1,040,034          | 332,527                       | 0                                    | 0                             | 798,393                        | 2,170,954                      |
| Licenses and Permits                                | 2,256              | 0                             | 0                                    | 0                             | 60                             | 2,316                          |
| Fines and Forfeitures                               | 62,678             | 0                             | 9,021                                | 0                             | 16,001                         | 87,700                         |
| Intergovernmental                                   | 625,014            | 1,805,378                     | 3,284,072                            | 146,428                       | 1,980,269                      | 7,841,161                      |
| Interest  | 181,549            | 0                             | 10,924                               | 0                             | 848                            | 193,321                        |
| Rent  | 114,015            | 0                             | 0                                    | 0                             | 0                              | 114,015                        |
| Contributions and Donations                         | 44,742             | 0                             | 0                                    | 0                             | 252,330                        | 297,072                        |
| Other   | 223,140            | 29,479                        | 95,137                               | 788                           | 33,297                         | 381,841                        |
| <i>Total Revenues</i>                               | <u>5,670,350</u>   | <u>2,167,384</u>              | <u>3,455,269</u>                     | <u>957,307</u>                | <u>4,989,779</u>               | <u>17,240,089</u>              |
| <b>Expenditures</b>                                 |                    |                               |                                      |                               |                                |                                |
| Current:  |                    |                               |                                      |                               |                                |                                |
| General Government:                                 |                    |                               |                                      |                               |                                |                                |
| Legislative and Executive                           | 2,480,653          | 0                             | 0                                    | 0                             | 398,344                        | 2,878,997                      |
| Judicial  | 652,735            | 0                             | 0                                    | 0                             | 48,709                         | 701,444                        |
| Public Safety                                       | 1,730,053          | 0                             | 0                                    | 0                             | 986,844                        | 2,716,897                      |
| Public Works  | 0                  | 0                             | 3,360,478                            | 0                             | 724,991                        | 4,085,469                      |
| Health  | 47,936             | 0                             | 0                                    | 774,898                       | 845,052                        | 1,667,886                      |
| Human Services                                      | 290,017            | 2,152,296                     | 0                                    | 0                             | 1,864,598                      | 4,306,911                      |
| Economic Development and Assistance                 | 48,955             | 0                             | 0                                    | 0                             | 12,320                         | 61,275                         |
| Capital Outlay                                      | 0                  | 0                             | 0                                    | 0                             | 302,038                        | 302,038                        |
| Intergovernmental                                   | 0                  | 0                             | 0                                    | 0                             | 441,880                        | 441,880                        |
| Debt Service:                                       |                    |                               |                                      |                               |                                |                                |
| Principal Retirement                                | 0                  | 0                             | 0                                    | 0                             | 68,383                         | 68,383                         |
| Interest and Fiscal Charges                         | 0                  | 0                             | 0                                    | 0                             | 47,474                         | 47,474                         |
| <i>Total Expenditures</i>                           | <u>5,250,349</u>   | <u>2,152,296</u>              | <u>3,360,478</u>                     | <u>774,898</u>                | <u>5,740,633</u>               | <u>17,278,654</u>              |
| <i>Excess of Revenues Over (Under) Expenditures</i> | <u>420,001</u>     | <u>15,088</u>                 | <u>94,791</u>                        | <u>182,409</u>                | <u>(750,854)</u>               | <u>(38,565)</u>                |
| <b>Other Financing Sources (Use)</b>                |                    |                               |                                      |                               |                                |                                |
| Proceeds from the Sale of Capital Assets            | 5,812              | 0                             | 110,000                              | 0                             | 0                              | 115,812                        |
| Transfers In  | 161,500            | 0                             | 0                                    | 0                             | 933,878                        | 1,095,378                      |
| Transfers Out                                       | (933,878)          | 0                             | 0                                    | 0                             | (161,500)                      | (1,095,378)                    |
| <i>Total Other Financing Sources (Use)</i>          | <u>(766,566)</u>   | <u>0</u>                      | <u>110,000</u>                       | <u>0</u>                      | <u>772,378</u>                 | <u>115,812</u>                 |
| <i>Net Change in Fund Balances</i>                  | <u>(346,565)</u>   | <u>15,088</u>                 | <u>204,791</u>                       | <u>182,409</u>                | <u>21,524</u>                  | <u>77,247</u>                  |
| Fund Balances (Deficit) at Beginning of Year        | 3,753,840          | (68,354)                      | 1,281,751                            | 1,191,290                     | 4,469,655                      | 10,628,182                     |
| <i>Fund Balances (Deficit) at End of Year</i>       | <u>\$3,407,275</u> | <u>(\$53,266)</u>             | <u>\$1,486,542</u>                   | <u>\$1,373,699</u>            | <u>\$4,491,179</u>             | <u>\$10,705,429</u>            |

See accompanying notes to the basic financial statements



**Noble County, Ohio**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**of Governmental Funds to the Statement of Activities**  
**For the Year Ended December 31, 2018**

**Net Change in Fund Balances - Governmental Funds** \$77,247

*Amounts reported for governmental activities in the statement of activities are different because:*

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay and capital contributions exceeded depreciation in the current period:

|   |                    |           |
|---|--------------------|-----------|
| Capital Asset Additions - Capital Outlay        | 1,713,907          |           |
| Capital Asset Additions - Capital Contributions | 621,366            |           |
| Current Year Depreciation                       | <u>(1,204,127)</u> |           |
| <b>Total</b>                                    |                    | 1,131,146 |

Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the amount of the proceeds and loss from the disposal and transfer of assets:

|                                      |                  |           |
|--------------------------------------|------------------|-----------|
| Proceeds from Sale of Capital Assets | (115,812)        |           |
| Transfer of Assets                   | (4,400)          |           |
| Loss on Disposal of assets           | <u>(106,868)</u> |           |
|                                      |                  | (227,080) |

Revenues/expenses in the statement of activities that do not provide current financial resources are not reported as revenues/expenditures in the funds:

|                      |                |         |
|----------------------|----------------|---------|
| Property Taxes       | 15,421         |         |
| Sales Taxes          | (8,983)        |         |
| Charges for Services | (15,726)       |         |
| Public Safety        | 31,489         |         |
| Miscellaneous        | 26,931         |         |
| Intergovernmental    | <u>729,437</u> |         |
| <b>Total</b>         |                | 778,569 |

Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows:

|         |              |         |
|---------|--------------|---------|
| Pension | 760,400      |         |
| OPEB    | <u>2,572</u> |         |
|         |              | 762,972 |

Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability are reported as pension/OPEB expense in the statement of activities.

|         |                  |             |
|---------|------------------|-------------|
| Pension | (1,461,780)      |             |
| OPEB    | <u>(375,770)</u> |             |
|         |                  | (1,837,550) |

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position:

|                          |  |        |
|--------------------------|--|--------|
| General Obligation Bonds |  | 68,383 |
|--------------------------|--|--------|

Interest is reported as an expenditure when due in the governmental funds, but is accrued on outstanding debt on the statement of activities.

|  |  |     |
|--|--|-----|
|  |  | 821 |
|--|--|-----|

Expenses reported in the statement of activities relating to compensated absences do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

|  |  |                 |
|--|--|-----------------|
|  |  | <u>(35,452)</u> |
|--|--|-----------------|

**Change in Net Position of Governmental Activities** \$719,056

See accompanying notes to the basic financial statements

**Noble County, Ohio**  
**Statement of Revenues, Expenditures, and Changes**  
**In Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**General Fund**  
**For the Year Ended December 31, 2018**

|   | Budgeted Amounts        |                         | Actual                    | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|-------------------------|-------------------------|---------------------------|---|
|   | Original                | Final                   |                           |   |
| <b>Revenues</b>                                     |                         |                         |                           |   |
| Property Taxes                                      | \$1,271,848             | \$1,271,848             | \$1,547,022               | \$275,174   |
| Sales Taxes   | 1,100,000               | 1,100,000               | 1,767,124                 | 667,124   |
| Charges for Services                                | 726,950                 | 726,950                 | 1,046,209                 | 319,259   |
| Licenses and Permits                                | 2,110                   | 2,110                   | 2,256                     | 146   |
| Fines and Forfeitures                               | 45,010                  | 45,010                  | 59,178                    | 14,168  |
| Intergovernmental                                   | 671,435                 | 700,091                 | 799,187                   | 99,096  |
| Interest  | 60,000                  | 60,000                  | 170,759                   | 110,759   |
| Rent  | 110,000                 | 110,000                 | 111,850                   | 1,850   |
| Contributions and Donations                         | 0                       | 0                       | 44,742                    | 44,742  |
| Other   | 34,005                  | 34,005                  | 224,296                   | 190,291   |
| <i>Total Revenues</i>                               | <u>4,021,358</u>        | <u>4,050,014</u>        | <u>5,772,623</u>          | <u>1,722,609</u>  |
| <b>Expenditures</b>                                 |                         |                         |                           |   |
| Current:  |                         |                         |                           |   |
| General Government:                                 |                         |                         |                           |   |
| Legislative and Executive                           | 2,721,199               | 2,961,533               | 2,536,591                 | 424,942   |
| Judicial  | 739,146                 | 742,855                 | 646,178                   | 96,677  |
| Public Safety                                       | 1,683,881               | 1,848,388               | 1,758,105                 | 90,283  |
| Health  | 109,641                 | 56,412                  | 52,069                    | 4,343   |
| Human Services                                      | 325,631                 | 325,631                 | 286,397                   | 39,234  |
| Community and Economic Development                  | 0                       | 48,955                  | 48,955                    | 0   |
| <i>Total Expenditures</i>                           | <u>5,579,498</u>        | <u>5,983,774</u>        | <u>5,328,295</u>          | <u>655,479</u>  |
| <i>Excess of Revenues Over (Under) Expenditures</i> | <u>(1,558,140)</u>      | <u>(1,933,760)</u>      | <u>444,328</u>            | <u>2,378,088</u>  |
| <b>Other Financing Sources (Uses)</b>               |                         |                         |                           |   |
| Procees from Sale of Capital Assets                 | 400                     | 400                     | 5,812                     | 5,412   |
| Advances In   | 0                       | 0                       | 20,200                    | 20,200  |
| Advances Out  | (30,000)                | (30,000)                | (29,200)                  | 800   |
| Transfers In  | 0                       | 37,080                  | 161,500                   | 124,420   |
| Transfers Out                                       | (794,445)               | (1,038,434)             | (930,879)                 | 107,555   |
| <i>Total Other Financing Sources (Uses)</i>         | <u>(824,045)</u>        | <u>(1,030,954)</u>      | <u>(772,567)</u>          | <u>258,387</u>  |
| <i>Net Change in Fund Balance</i>                   | <u>(2,382,185)</u>      | <u>(2,964,714)</u>      | <u>(328,239)</u>          | <u>2,636,475</u>  |
| Fund Balance at Beginning of Year                   | 2,931,211               | 2,931,211               | 2,931,211                 | 0   |
| Prior Year Encumbrances Appropriated                | <u>234,732</u>          | <u>234,732</u>          | <u>234,732</u>            | <u>0</u>  |
| <i>Fund Balance at End of Year</i>                  | <u><u>\$783,758</u></u> | <u><u>\$201,229</u></u> | <u><u>\$2,837,704</u></u> | <u><u>\$2,636,475</u></u>                               |

See accompanying notes to the basic financial statements

**Noble County, Ohio**  
**Statement of Revenues, Expenditures, and Changes**  
**In Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**Job and Family Services Fund**  
**For the Year Ended December 31, 2018**

|  | <u>Budgeted Amounts</u> |                  | <u>Actual</u>    | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|--|-------------------------|------------------|------------------|---|
|  | <u>Original</u>         | <u>Final</u>     |                  |   |
| <b>Revenues</b>                              |                         |                  |                  |   |
| Charges for Services                         | \$520,000               | \$520,000        | \$284,129        | (\$235,871)   |
| Intergovernmental                            | 2,108,779               | 2,108,779        | 1,805,378        | (303,401)   |
| Other  | 67,500                  | 67,500           | 29,213           | (38,287)  |
| <i>Total Revenues</i>                        | <u>2,696,279</u>        | <u>2,696,279</u> | <u>2,118,720</u> | <u>(577,559)</u>  |
| <b>Expenditures</b>                          |                         |                  |                  |   |
| Current:                                     |                         |                  |                  |   |
| Human Services                               | 2,702,332               | 2,702,332        | 2,144,855        | 557,477   |
| <i>Excess of Revenues Under Expenditures</i> | (6,053)                 | (6,053)          | (26,135)         | (20,082)  |
| <b>Other Financing Source</b>                |                         |                  |                  |   |
| Transfers In                                 | 25,000                  | 25,000           | 0                | (25,000)  |
| <i>Net Change in Fund Balance</i>            | 18,947                  | 18,947           | (26,135)         | (45,082)  |
| Fund Balance at Beginning of Year            | 108,318                 | 108,318          | 108,318          | 0   |
| Prior Year Encumbrances Appropriated         | 2,832                   | 2,832            | 2,832            | 0   |
| <i>Fund Balance at End of Year</i>           | <u>\$130,097</u>        | <u>\$130,097</u> | <u>\$85,015</u>  | <u>(\$45,082)</u>   |

See accompanying notes to the basic financial statements

**Noble County, Ohio**  
**Statement of Revenues, Expenditures, and Changes**  
**In Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**Motor Vehicle and Gasoline Tax Fund**  
**For the Year Ended December 31, 2018**

|   | <u>Budgeted Amounts</u> |                   | <u>Actual</u>           | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|-------------------------|-------------------|-------------------------|---|
|   | <u>Original</u>         | <u>Final</u>      |                         |   |
| <b>Revenues</b>                                     |                         |                   |                         |   |
| Permissive Motor Vehicle License Tax                | \$55,000                | \$55,000          | \$56,045                | \$1,045   |
| Fines and Forfeitures                               | 7,500                   | 7,500             | 9,100                   | 1,600   |
| Intergovernmental                                   | 3,195,000               | 3,195,000         | 3,281,472               | 86,472  |
| Interest  | 5,500                   | 5,500             | 10,097                  | 4,597   |
| Other   | 80,100                  | 80,100            | 95,588                  | 15,488  |
| <i>Total Revenues</i>                               | <u>3,343,100</u>        | <u>3,343,100</u>  | <u>3,452,302</u>        | <u>109,202</u>  |
| <b>Expenditures</b>                                 |                         |                   |                         |   |
| Current:  |                         |                   |                         |   |
| Public Works  | <u>4,098,835</u>        | <u>4,098,835</u>  | <u>3,471,308</u>        | <u>627,527</u>  |
| <i>Excess of Revenues Over (Under) Expenditures</i> | (755,735)               | (755,735)         | (19,006)                | 736,729   |
| <b>Other Financing Source</b>                       |                         |                   |                         |   |
| Proceeds from the Sale of Capital Assets            | <u>0</u>                | <u>0</u>          | <u>110,000</u>          | <u>110,000</u>  |
| <i>Net Change in Fund Balance</i>                   | (755,735)               | (755,735)         | 90,994                  | 846,729   |
| Fund Balance at Beginning of Year                   | 738,904                 | 738,904           | 738,904                 | 0   |
| Prior Year Encumbrances Appropriated                | <u>16,831</u>           | <u>16,831</u>     | <u>16,831</u>           | <u>0</u>  |
| <i>Fund Balance at End of Year</i>                  | <u><u>\$0</u></u>       | <u><u>\$0</u></u> | <u><u>\$846,729</u></u> | <u><u>\$846,729</u></u>                                 |

See accompanying notes to the basic financial statements

**Noble County, Ohio**  
**Statement of Revenues, Expenditures, and Changes**  
**In Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**Developmental Disabilities Fund**  
**For the Year Ended December 31, 2018**

|                                    | <u>Budgeted Amounts</u> |                         | <u>Actual</u>             | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|------------------------------------|-------------------------|-------------------------|---------------------------|---|
|                                    | <u>Original</u>         | <u>Final</u>            |                           |   |
| <b>Revenues</b>                    |                         |                         |                           |   |
| Property Taxes                     | \$733,220               | \$733,220               | \$812,633                 | \$79,413  |
| Intergovernmental                  | 27,000                  | 27,000                  | 144,793                   | 117,793   |
| Other                              | 0                       | 0                       | 788                       | 788   |
| <i>Total Revenues</i>              | <u>760,220</u>          | <u>760,220</u>          | <u>958,214</u>            | <u>197,994</u>  |
| <b>Expenditures</b>                |                         |                         |                           |   |
| Current:                           |                         |                         |                           |   |
| Health                             | <u>1,033,200</u>        | <u>1,033,232</u>        | <u>771,233</u>            | <u>261,999</u>  |
| <i>Net Change in Fund Balance</i>  | (272,980)               | (273,012)               | 186,981                   | 459,993   |
| Fund Balance at Beginning of Year  | <u>1,189,407</u>        | <u>1,189,407</u>        | <u>1,189,407</u>          | <u>0</u>  |
| <i>Fund Balance at End of Year</i> | <u><u>\$916,427</u></u> | <u><u>\$916,395</u></u> | <u><u>\$1,376,388</u></u> | <u><u>\$459,993</u></u>                                 |

See accompanying notes to the basic financial statements

**Noble County, Ohio**  
**Statement of Fund Net Position**  
**Proprietary Fund**  
**December 31, 2018**

|   | Business-Type<br>Activity |
|---|---------------------------|
|   | Sewer                     |
| <b>Assets</b>                                   |                           |
| Current Assets:                                 |                           |
| Equity in Pooled Cash and Cash Equivalents      | \$258,189                 |
| Accounts Receivable                             | 139,469                   |
| Interfund Receivable                            | 160                       |
| Intergovernmental Receivable                    | 117,148                   |
| Prepaid Items                                   | 3,028                     |
| <i>Total Current Assets</i>                     | 517,994                   |
| Noncurrent Assets:                              |                           |
| Non-Depreciable Capital Assets                  | 17,500                    |
| Depreciable Capital Assets, Net                 | 8,671,174                 |
| <i>Total Noncurrent Assets</i>                  | 8,688,674                 |
| <i>Total Assets</i>                             | 9,206,668                 |
| <b>Liabilities</b>                              |                           |
| Current Liabilities:                            |                           |
| Accrued Wages and Benefits                      | 383                       |
| Compensated Absences Payable                    | 340                       |
| Intergovernmental Payable                       | 12,263                    |
| Accounts Payable                                | 2,730                     |
| Contracts Payable                               | 21,010                    |
| Retainage Payable                               | 102,738                   |
| Interfund Payable                               | 49                        |
| OWDA Loans Payable                              | 46,060                    |
| <i>Total Current Liabilities</i>                | 185,573                   |
| Long-Term Liabilities (Net of Current Portion): |                           |
| Compensated Absences Payable                    | 1,037                     |
| OWDA Loans Payable                              | 681,977                   |
| <i>Total Noncurrent Liabilities</i>             | 683,014                   |
| <i>Total Liabilities</i>                        | 868,587                   |
| <b>Net Position</b>                             |                           |
| Net Investment in Capital Assets                | 7,836,889                 |
| Unrestricted                                    | 501,192                   |
| <i>Total Net Position</i>                       | \$8,338,081               |

See accompanying notes to the basic financial statements

**Noble County, Ohio**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Fund**  
**For the Year Ended December 31, 2018**

|  | Business-Type<br>Activity<br>Sewer |
|--|------------------------------------|
| <b>Operating Revenues</b>                  |                                    |
| Charges for Services                       | \$145,671                          |
| Other                                      | 216                                |
| <i>Total Operating Revenues</i>            | 145,887                            |
| <b>Operating Expenses</b>                  |                                    |
| Personal Services                          | 16,024                             |
| Contractual Services                       | 155,996                            |
| Materials and Supplies                     | 18,858                             |
| Depreciation                               | 171,226                            |
| Other                                      | 4,475                              |
| <i>Total Operating Expenses</i>            | 366,579                            |
| <i>Operating Loss before Contributions</i> | (220,692)                          |
| Capital Contributions from Grants          | 1,903,441                          |
| Capital Contributions from Other Funds     | 4,400                              |
|  | 1,687,149                          |
| <i>Change in Net Position</i>              | 1,687,149                          |
| Net Position Beginning of Year             | 6,650,932                          |
|  | 6,650,932                          |
| <i>Net Position End of Year</i>            | \$8,338,081                        |

See accompanying notes to the basic financial statements

**Noble County, Ohio**  
**Statement of Cash Flows**  
**Proprietary Fund**  
**For the Year Ended December 31, 2018**

|   | Business-Type<br>Activity |
|---|---------------------------|
|   | Sewer                     |
| <b>Increase (Decrease) in Cash and Cash Equivalents</b>                           |                           |
| <b>Cash Flows from Operating Activities</b>                                       |                           |
| Cash Received from Customers  | \$171,661                 |
| Cash Received from Other Operating Sources  | 216                       |
| Cash Payments for Employee Services and Benefits                                  | (17,239)                  |
| Cash Payments for Goods and Services  | (171,094)                 |
| Cash Payments for Other Operating Expenses  | (4,475)                   |
| <i>Net Cash Used for Operating Activities</i>                                     | (20,931)                  |
| <b>Cash Flows from Capital and Related Financing Activities</b>                   |                           |
| Tap In Fees   | 159,666                   |
| Capital Grants & Contributions  | 1,891,869                 |
| Advances In   | 8,700                     |
| Advances Out  | (8,700)                   |
| Proceeds from OWDA Loans  | 1,891,869                 |
| Payments for Capital Acquisitions   | (1,774,203)               |
| Principal Paid on OWDA Loans  | (1,937,929)               |
| <i>Net Cash Provided by Capital and Related Financing Activities</i>              | 231,272                   |
| <i>Net Increase in Cash and Cash Equivalents</i>                                  | 210,341                   |
| Cash and Cash Equivalents Beginning of Year                                       | 47,848                    |
| <i>Cash and Cash Equivalents End of Year</i>                                      | \$258,189                 |
| <b>Reconciliation of Operating Loss to Net Cash Used for Operating Activities</b> |                           |
| Operating Loss  | (\$220,692)               |
| Adjustment:   |                           |
| Depreciation  | 171,226                   |
| Changes in Assets and Liabilities:  |                           |
| Decrease in Accounts Receivable   | 26,150                    |
| Increase in Interfund Receivable  | (160)                     |
| Decrease in Prepaid Items   | 455                       |
| Increase in Accounts Payable  | 1,425                     |
| Increase in Compensated Absences Payable  | 275                       |
| Decrease in Accrued Wages and Benefits  | (1,119)                   |
| Increase in Interfund Payable   | 49                        |
| Increase in Intergovernmental Payable   | 1,460                     |
| <i>Net Cash Used for Operating Activities</i>                                     | (\$20,931)                |

**Noncash Capital Financing Activities:**

During 2018, a vehicle with a book value of \$4,400 was transferred from governmental activities to the Sewer Enterprise Fund. This amount is presented as capital contributions from other funds.

The Sewer Enterprise Fund reflects capital asset additions in the net amount of \$95,528 resulting from the recognition of current and prior year contracts and retainage payables.

See accompanying notes to the basic financial statements



**Noble County, Ohio**  
**Statement of Fiduciary Assets and Liabilities**  
**Agency Funds**  
**December 31, 2018**

|  |                            |
|--|----------------------------|
| <b>Assets</b>                                    |                            |
| Equity in Pooled Cash and Cash Equivalents       | \$3,468,313                |
| Cash and Cash Equivalents in Segregated Accounts | 128,000                    |
| Accounts Receivable                              | 122,315                    |
| Accrued Interest Receivable                      | 277                        |
| Permissive Motor Vehicle License Tax Receivable  | 1,401                      |
| Property Taxes Receivable                        | 18,604,048                 |
| Intergovernmental Receivable                     | 1,522,710                  |
| Lodging Taxes Receivable                         | 18,247                     |
|  | <hr/>                      |
| <i>Total Assets</i>                              | <u><u>\$23,865,311</u></u> |
| <br><b>Liabilities</b>                           |                            |
| Intergovernmental Payable                        | \$21,024,051               |
| Deposits Held and Due to Others                  | 279,864                    |
| Undistributed Monies                             | 2,561,396                  |
|  | <hr/>                      |
| <i>Total Liabilities</i>                         | <u><u>\$23,865,311</u></u> |

See accompanying notes to the basic financial statements

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**Noble County, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2018**

**Note 1 - Description of Noble County and Reporting Entity**

Noble County, Ohio (the County), was created March 11, 1851. The County was the last county formed in the State of Ohio and is comprised of fifteen townships. The County is governed by a board of three Commissioners elected by the voters of the County. An elected County Auditor serves as chief fiscal officer. In addition, there are seven other elected officials, each of whom is independent as set forth in Ohio Law. These officials are the Clerk of Courts, Coroner, Engineer, Prosecuting Attorney, Recorder, Sheriff and Treasurer. Also elected, to oversee the district's justice system, are a County Court Judge and Common Pleas Judge who also serves as judge for the Probate and Juvenile Courts.

Although the elected officials manage the internal operation of their respective departments, the County Commissioners authorize expenditures as well as serve as the budget and taxing authority, contracting body and the chief administrator of public services for the County, including each of these departments.

Reporting Entity

The reporting entity is comprised of the primary government and other organizations that are included to ensure that the financial statements of the County are not misleading.

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the County. For the County, this includes the Board of Developmental Disabilities, the Department of Job and Family Services, the Noble County Regional Planning Commission Board, and all departments and activities that are directly operated by the elected County officials.

Component units are legally separate organizations for which the County is financially accountable. The County is financially accountable for an organization if the County appoints a voting majority of the organization's governing board and (1) the County is able to significantly influence the programs or services performed or provided by the organization; or (2) the County is legally entitled to or can access the organization's resources; the County is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the County is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the County in that the County approves the budget, the levying of taxes, the issuance of debt, and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burden on, the primary government.

The following potential component units have been excluded from the County's financial statements because the County is not financially accountable for these organizations nor are these entities for which the County approves the budget, the issuance of debt, or the levying of taxes:

Noble Counseling Center  
Noble County Agricultural Society  
Noble County Historical Society  
Noble County Rural Water Association

**Noble County, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2018**

As the custodian of public funds, the County Treasurer invests all public monies held on deposit in the County treasury. In the case of the separate agencies, boards and commissions listed below, the County serves as fiscal agent, but is not financially accountable for their operations. Accordingly, the activity of the following districts and agencies are presented as agency funds within the County's financial statements.

Noble County Health District is governed by a nine member Board of Health which oversees the operation of the Health District. The Board is elected by a District Advisory Council comprised of township trustees, county commissioners, and mayors of participating municipalities. The Board adopts its own budget which is approved by the County Budget Commission, hires and fires its own staff, and operates autonomously from the County. The Board has sole budgetary authority, and controls surpluses and deficits. The County is not legally obligated for the Health District's debt.

Noble County Soil and Water Conservation District is statutorily created as a separate and distinct political subdivision of the State. The five supervisors of the Soil and Water Conservation District are elected officials authorized to contract and sue on behalf of the District. The supervisors adopt their own budget, authorize District expenditures, hire and fire staff, and do not rely on the County to finance deficits.

Noble County Family and Children First Council accounts for State and Federal grant revenue and expenditures. The Noble County Health Department serves as administrating agent and the County Auditor serves as fiscal agent. The purpose of the Council is to help families seeking government services and to coordinate existing government services for families seeking assistance for their children.

Local Emergency Planning and Right To Know Committee (LEPC) of Noble County is a single County district. The State Emergency Response Commission designates Emergency Planning Districts within the state. The Committee members are recommended by the County Commission for approval by the State Emergency Response Commission. The LEPC receives operating resources in the form of grants from the State. The activities of the LEPC are accounted for as an agency fund of the County. The County has no ability to impose its will on the organization. No benefit or burden exists.

The County is associated with certain organizations which are defined as Public Entity Risk Pools, Jointly Governed Organizations, or Related Organizations. These organizations are presented in Notes 20, 21, and 22 to the basic financial statements. These organizations are:

Buckeye Joint-County Insurance Council  
County Commissioners' Association of Ohio Workers' Compensation Group Rating Plan  
Southeastern Ohio Joint Solid Waste Management District  
Mental Health and Recovery Services Board  
Guernsey-Monroe-Noble Community Action Corporation (GMN)  
Buckeye Hills-Hocking Valley Regional Development District  
Oakview Juvenile Residential Center  
Ohio Valley Employment Resource (OVER)  
Noble County Metropolitan Housing Authority  
Noble County Airport Authority

**Noble County, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2018**

**Note 2 - Summary of Significant Accounting Policies**

The financial statements of the County have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant of the County's accounting policies are described below.

***A. Basis of Presentation***

The County's basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements which provide a more detailed level of financial information.

***Government-wide Financial Statements*** The Statement of Net Position and the Statement of Activities display information about the County as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the County that are governmental and those that are considered business-type activities.

The Statement of Net Position presents the financial condition of the governmental and business-type activities of the County at year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the County's governmental activities and for the business-type activities of the County. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. The policy of the County is to not allocate indirect expenses to functions in the Statement of Activities. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants, and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the County, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the County.

***Fund Financial Statements*** During the year, the County segregates transactions related to certain County functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the County at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

***B. Fund Accounting***

The County uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary, and fiduciary.

**Noble County, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2018**

**Governmental Funds** Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and deferred outflows of resources, and liabilities and deferred inflows of resources, is reported as fund balance. The following are the County's major governmental funds:

**General Fund** The General Fund, the County's primary operating fund, accounts for all financial resources except those required to be accounted for in another fund. The General Fund balance is available to the County for any purpose provided it is expended or transferred according to the general laws of Ohio.

**Job and Family Services Fund** To account for various federal and state grants and reimbursements as well as transfers from the General Fund restricted to provide public assistance, human services, and workforce development programs.

**Motor Vehicle and Gasoline Tax Fund** To account for revenues derived from state-shared motor vehicle license charges, gasoline taxes, and the County's permissive five dollar motor vehicle licenses charge. Expenditures in the Motor Vehicle and Gasoline Tax Special Revenue Fund are restricted by state law to County road and bridge repair and improvement programs.

**Developmental Disabilities Fund** To account for property tax revenues and federal and state grants. Expenditures are restricted by federal and state law to those that benefit the developmentally disabled.

The other governmental funds of the County account for grants and other resources whose use is restricted, committed, or assigned to a particular purpose.

**Proprietary Fund** Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. Proprietary funds are classified as either enterprise or internal service. The County only reports one enterprise fund.

Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The County reports the following major proprietary fund:

**Noble County Sanitary Sewer Fund (Sewer Fund)** To account for sanitary sewer services provided to individuals and commercial users. The costs of providing these services are financed primarily through user charges.

**Fiduciary Funds** Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Trust funds are used to account for assets held by the County under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the County's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

**Noble County, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2018**

The County's fiduciary funds are all classified as agency funds. The agency funds account for assets held by the County as agent for the Noble County Health Department and other districts and entities and for various taxes, assessments, and state shared resources collected on behalf of and distributed to other local governments.

**C. Measurement Focus**

**Government-wide Financial Statements** The government-wide financial statements are prepared using the economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the County are included on the Statement of Net Position. The Statement of Activities presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position.

**Fund Financial Statements** All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and deferred outflows of resources and current liabilities and deferred inflows of resources generally are included on the Balance Sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of these funds are included on the Statement of Net Position. The Statement of Changes in Revenues, Expenses, and Changes in Fund Net Position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total position. The Statement of Cash Flows provides information about how the County finances and meets the cash flow needs of its proprietary activities.

**D. Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, in the recording of deferred outflows/inflows of resources and in the presentation of expenses versus expenditures.

**Revenues - Exchange and Non-exchange Transactions** Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the County, available means expected to be received within sixty days of year-end.

**Noble County, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2018**

Nonexchange transactions, in which the County receives value without directly giving equal value in return, include sales taxes, property taxes, grants, entitlements, and donations. On an accrual basis, revenue from sales taxes is recognized in the period in which the taxable sale occurs. Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 7). Revenue from grants, entitlements, and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the County must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the County on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: sales tax (see Note 8), interest, federal and state grants and subsidies, state-levied locally shared taxes (including motor vehicle license fees and gasoline taxes), fees, and rentals.

Unearned revenue represents amounts under the accrual and modified accrual basis of accounting for which asset recognition criteria have been met, but for which revenue recognition criteria have not yet been met because such amounts have not yet been earned.

***Deferred Outflows/Inflows of Resources*** In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the County, deferred outflows of resources are reported on the government-wide Statement of Net Position for pension and OPEB. The deferred outflows of resources related to pension and OPEB are explained in Notes 13 and 14.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the County, deferred inflows of resources include property taxes, unavailable revenue, pension, and OPEB. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2018, but which were levied to finance fiscal year 2019 operations. These amounts have been recorded as a deferred inflow on both the government-wide Statement of Net Position and the governmental fund financial statements. Unavailable revenue is reported only on the Governmental Funds Balance Sheet, and represents receivables which will not be collected within the available period. For the County unavailable revenue includes delinquent property taxes, permissive sales taxes, grants and entitlements, and other miscellaneous accounts receivable. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities found on page 19. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension and OPEB are reported on the government-wide Statement of Net Position. (See Notes 13 and 14)

***Expenses/Expenditures*** On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.



**Noble County, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2018**

***E. Budgetary Process***

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the County Commissioners may appropriate. The appropriations resolution is the County Commissioners' authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the County Commissioners. The legal level of control has been established by the County Commissioners at the fund, program, department, and object level. Budgetary modifications may only be made by resolution of the County Commissioners.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the County Auditor. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources approved.

The appropriation resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the County Commissioners during the year.

***F. Cash, Cash Equivalents, and Investments***

Cash balances of the County's funds, except cash held by a trustee, fiscal agent, or held in segregated accounts, are pooled and invested in short-term investments in order to provide improved cash management. During 2018, investments were limited to non-negotiable certificates of deposit. Nonparticipating investment contracts such as repurchase agreements and non-negotiable certificates of deposit are reported at cost or amortized cost. Investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the County are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months not purchased from the pool are reported as investments.

The County has segregated bank accounts for monies held separate from the County's central bank accounts. These accounts are presented as "Cash and Cash Equivalents in Segregated Accounts" since they are not required to be deposited into the County treasury.

Provisions of the Ohio Revised Code restrict investment procedures. Under existing Ohio statutes all investment earnings are assigned to the General Fund unless statutorily required to be credited to a specific fund. Interest revenue credited to the General Fund during 2018 amounted to \$181,549 which includes \$140,093 assigned from other County funds.

***G. Restricted Assets***

The Governmental Balance Sheet is showing restricted cash and cash equivalents for unclaimed monies not available for appropriation.

**Noble County, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2018**

***H. Inventory of Supplies***

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used.

***I. Receivables and Payables***

Receivables and payables are recorded on the County's financial statements to the extent that the amounts are determined material and substantiated not only by supporting documentation, but also, by a reasonable, systematic method of determining their existence, completeness, valuation, and in the case of receivables, collectability.

Using this criteria, the County has elected to not record child support arrearages. These amounts, while potentially significant, are not considered measurable, and because collections are often significantly in arrears, the County is unable to determine a reasonable value.

***J. Prepaid Items***

Payments made to vendors for services that will benefit periods beyond December 31, 2018, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

***K. Capital Assets***

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide Statement of Net Position but are not reported in the fund financial statements. Capital assets utilized by enterprise funds are reported both in the business-type activities column of the government-wide Statement of Net Position and in the funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The County was able to estimate the historical cost for the initial reporting of infrastructure by back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price level to deflate the cost to the acquisition year or estimated acquisition year). Donated fixed assets are recorded at their acquisition values as of the date received. The County maintains a capitalization threshold of five thousand dollars. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets are depreciated except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the County's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

**Noble County, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2018**

| <u>Description</u>                           | Governmental<br>and<br>Business-Type<br>Activities<br><u>Estimated Lives</u> |
|--|--|
| Buildings and Improvements                   | 50 years   |
| Machinery, Equipment, Furniture and Fixtures | 5 - 20 years   |
| Vehicles                                     | 5 - 20 years   |
| Infrastructure                               | 5 - 50 years   |

The County’s infrastructure consists of roads, bridges, and sewer lines and includes infrastructure acquired prior to 1980.

***L. Interfund Balances***

On fund financial statements, receivables and payables resulting from short-term and long-term interfund loans or interfund services provided and used are classified as “Interfund receivables/payables.” These amounts are eliminated in the governmental and business-type activities columns of the Statement of Net Position, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances.

***M. Compensated Absences***

Vacation benefits are accrued as a liability as the benefits are earned if the employees’ rights to receive compensation are attributable to services already rendered and it is probable the County will compensate the employees for the benefits through paid time off or some other means. The County records a liability for accumulated unused vacation time when earned for all employees with more than one year of service. Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the County has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employee wage rates at year-end taking into consideration any limits specified in the County’s termination policy. The County records a liability for sick leave for employees after ten years of service at varying rates depending on County policy.

The entire compensated absences liability is reported on the government-wide financial statements. On governmental fund financial statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account “Matured Compensated Absences Payable” in the fund from which the employees who have accumulated leave are paid. The non-current portion of the liability is not reported. For enterprise funds, the entire amount of compensated absences is reported as a fund liability.

***N. Pensions/Other Postemployment Benefits (OPEB)***

For purposes of measuring the net pension/OPEB asset/liability, deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

**Noble County, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2018**

***O. Accrued Liabilities and Long-term Obligations***

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities, and long-term obligations payable from proprietary funds are reported in the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences, and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds, long-term loans and notes, and capital leases payable are recognized as a liability in the fund financial statements when due. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

***P. Capital Contributions***

Contributions of capital arise from contributions of capital assets from governmental activities to business-type activities, tap-in fees to the extent they exceed the cost of the connection to the system, or from grants or outside contributions of resources restricted to capital acquisition and construction.

***Q. Fund Balance***

Fund balance is divided into five classifications based primarily on the extent to which the County is bound to observe constraints imposed upon the use of the resources in governmental funds. The classifications are as follows:

***Nonspendable*** The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, prepaids, as well as inventory, unless the use of the proceeds from the collection of those receivables, or from the use of the prepaids and inventory, is restricted, committed, or assigned.

***Restricted*** Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions.

***Committed*** The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the County Commissioners. Those committed amounts cannot be used for any other purpose unless the County Commissioners removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

***Assigned*** Amounts in the assigned fund balance classification are intended to be used by the County for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. These amounts are assigned by the County Commissioners. In the General Fund, assigned amounts represent intended uses established by the County Commissioners or a County official delegated that authority by resolution or by State Statute.

**Noble County, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2018**

State Statute authorizes the County Auditor to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. The County Commissioners assigned fund balance to cover a gap between estimated revenue and appropriations in 2019's appropriated budget.

**Unassigned** Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The County applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**R. Net Position**

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes primarily include the net position relating to activity associated with miscellaneous local court grant funds and public safety grant funds. The County applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

**S. Internal Activity**

Transfers within governmental activities are eliminated on the government-wide statements. Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues.

Internal allocations of overhead expenses from one program to another or within the same program are eliminated on the Statement of Activities. Payments for interfund services provided and used are not eliminated.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

**T. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the County and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2018.

**Noble County, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2018**

***U. Operating Revenues and Expenses***

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the County, these revenues are charges for services for wastewater treatment. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. Revenues and expenses not meeting these definitions are reported as non-operating.

***V. Estimates***

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

***W. Bond Premiums, Discounts, and Issuance Costs***

Bond premiums and discounts are deferred and amortized over the term of the bonds using the straight-line method since the results are not significantly different from the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

On the governmental fund financial statements, governmental fund types recognize bond premiums or discounts in the period in which the related debt is issued. The face amount of the debt issue is reported as other financing sources. Premiums received or discounts paid on debt issuances are shown as other financing sources or uses on the governmental fund financial statements. Debt issuance costs are reported as expenses in the period incurred.

Under Ohio law, premiums on the original issuance of debt are to be deposited to the bond retirement fund to be used for debt retirement and are precluded from being applied to the project fund. Ohio law does allow premiums on refunding debt to be used as part of the payment to the bond escrow agent.

**Note 3 - Change in Accounting Principles and Restatement of Net Position**

For 2018, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 85, *Omnibus 2017*, Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, and related guidance from (GASB) Implementation Guide No. 2017-3, *Accounting and Financial Reporting for Postemployment Benefits other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)*.

For 2018, the County also implemented the Governmental Accounting Standards Board's (GASB) *Implementation Guide No. 2017-1*. These changes were incorporated in the County's 2018 financial statements; however, there was no effect on beginning net position/fund balance.

GASB 85 addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits (OPEB)). These changes were incorporated in the County's 2018 financial statements; however, there was no effect on beginning net position/fund balance.

GASB 89 establishes accounting requirements for interest cost incurred before the end of a construction period. These changes were incorporated in the County's 2018 financial statements; however, there was no effect on beginning net position.

**Noble County, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2018**

GASB 75 established standards for measuring and recognizing Postemployment benefit liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditure. The implementation of this pronouncement had the following effect on net position as reported December 31, 2017:

|  | Governmental<br>Activities |
|--|----------------------------|
| Net Position December 31, 2017                             | \$36,073,471               |
| Adjustments:   |                            |
| Net OPEB Liability   | (3,611,881)                |
| Deferred Outflow - Payments Subsequent to Measurement Date | 52,844                     |
| Restated Net Position December 31, 2017                    | \$32,514,434               |

Other than employer contributions subsequent to the measurement date, the County made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available.

**Note 4 - Budgetary Basis of Accounting**

While reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances.

The Statements of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual for the General Fund and each major special revenue fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are as follows:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Outstanding year-end encumbrances are treated as expenditures (budget basis) rather than restricted, committed, or assigned fund balance (GAAP basis).
4. Unrecorded cash, unrecorded interest, and prepaid items are reported on the Balance Sheet (GAAP basis), but not on the budgetary basis.
5. Cash that is held by the agency funds on behalf of County funds on a budget basis are allocated and reported on the Balance Sheet (GAAP basis) in the appropriate County fund.
6. Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

Adjustments necessary to convert the results of operations at the end of the year on the Budget basis to the GAAP basis for the major funds are as follows:

**Noble County, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2018**

|  | Net Change in Fund Balances             |                               |   |                               |
|--|---|-------------------------------|---|-------------------------------|
|  | General and Major Special Revenue Funds |                               |   |                               |
|  | General                                 | Job and<br>Family<br>Services | Motor<br>Vehicle<br>and Gasoline<br>Tax | Developmental<br>Disabilities |
| GAAP Basis                                 | (\$346,565)                             | \$15,088                      | \$204,791                               | \$182,409                     |
| Net Adjustment for<br>Revenue Accruals     | 117,693                                 | (48,664)                      | (2,281)                                 | (1,635)                       |
| Beginning of the Year:                     |   |                               |   |                               |
| Unrecorded Cash                            | 46,914                                  | 0                             | 594                                     | 0                             |
| Agency Fund<br>Cash Allocation             | 17,484                                  | 0                             | 0                                       | 14,100                        |
| Prepaid Items                              | 53,922                                  | 11,509                        | 17,565                                  | 7,166                         |
| End of the Year:                           |   |                               |   |                               |
| Unrecorded Cash                            | (65,484)                                | 0                             | (1,280)                                 | 0                             |
| Agency Fund<br>Cash Allocation             | (14,334)                                | 0                             | 0                                       | (11,558)                      |
| Prepaid Items                              | (51,058)                                | (13,924)                      | (15,556)                                | (14,706)                      |
| Net Adjustment for<br>Expenditure Accruals | (7,015)                                 | 19,931                        | (59,667)                                | 11,205                        |
| Advances In                                | 20,200                                  | 0                             | 0                                       | 0                             |
| Advances Out                               | (29,200)                                | 0                             | 0                                       | 0                             |
| Transfers Out                              | 2,999                                   | 0                             | 0                                       | 0                             |
| Encumbrances                               | (73,795)                                | (10,075)                      | (53,172)                                | 0                             |
| Budget Basis                               | <u>(\$328,239)</u>                      | <u>(\$26,135)</u>             | <u>\$90,994</u>                         | <u>\$186,981</u>              |

**Note 5 - Accountability and Compliance**

**A. Accountability**

The following funds had deficit fund balances as of December 31, 2018. These deficits are due to the recognition of payables in accordance with generally accepted accounting principles. The General Fund provides operating transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

| Fund/Fund Type                               | Deficit  |
|--|----------|
| Job and Family Services Special Revenue Fund | \$53,266 |
| Children Services Special Revenue Fund       | 148,970  |
| Bullet Proof Vests Special Revenue Fund      | 1,125    |
| Dog and Kennel Special Revenue Fund          | 12,797   |
| Homeland Security Special Revenue Fund       | 35,049   |



**Noble County, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2018**

***B. Compliance***

Contrary to Section 5705.41, Revised Code, the following fund/accounts had expenditures plus encumbrances in excess of appropriations:

|                            |         |
|----------------------------|---------|
| General Fund               |         |
| Legislative and Executive  |         |
| Maintenance and Operations |         |
| Materials and Supplies     | \$1,047 |
| Public Safety              |         |
| Jail                       |         |
| Contractual Services       | \$1,745 |

The County will more closely monitor budgetary procedures pertaining to violations of this nature in the future.

**Note 6 - Deposits and Investments**

Monies held by the County are classified by State statute into two categories. Active monies are public monies determined to be necessary to meet current demands upon the County treasury. Active monies must be maintained either as cash in the County treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Monies held by the County which are not considered active are classified as inactive. Inactive monies may be deposited or invested with certain limitations in the following securities provided the County has filed a written investment policy with the Ohio Auditor of State:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States, or any book entry, zero-coupon United States treasury security that is a direct obligation of the United States;
2. Bonds, notes, debentures, or any other obligations or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of this state or the political subdivisions of this state, provided the bonds or other obligations of political subdivisions mature within ten years from the date of settlement;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts, in eligible institutions pursuant to ORC sections 135.32;

**Noble County, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2018**

6. No-load money market mutual funds rated in the highest category at the time of purchase by at least one nationally recognized standard rating service or consisting exclusively of obligations described in (1) or (2) above; commercial paper as described in ORC section 135.143 (6); and repurchase agreements secured by such obligations, provided these investments are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio);
8. Securities lending agreements in which the County lends securities and the eligible institution agrees to simultaneously exchange either securities or cash, equal value for equal value, within certain limitations;
9. Up to forty percent of the County's average portfolio, if training requirements have been met in either of the following:
  - a. Commercial paper notes in entities incorporated under the laws of Ohio, or any other State, that have assets exceeding five hundred million dollars, which are rated in the highest classification established by two nationally recognized standard rating services, which do not exceed ten percent of the value of the outstanding commercial paper of the issuing corporation, which mature within 270 days after purchase, and the investment in commercial paper notes of a single issuer shall not exceed the aggregate five percent of interim monies available for investment at the time of purchase.
  - b. Bankers acceptances of banks that are insured by the federal deposit insurance corporation and that mature not later than 180 days after purchase.
10. Up to fifteen percent of the County's average portfolio in notes issued by U.S. corporations or by depository institutions doing business under authority granted by the U.S. or any state provided the notes are rated in the three highest categories by at least two nationally recognized standard rating services at the time of purchase and the notes mature not later than three years after purchase;
11. A current unpaid or delinquent tax line of credit, provided certain conditions are met related to a County land reutilization corporation organized under ORC Chapter 1724; and,
12. Up to two percent of the County's average portfolio in debt interests rated at the time of purchase in the three highest categories by two nationally recognized standard rating services and issued by foreign nations diplomatically recognized by the United States government, subject to certain limitations. All interest and principal shall be denominated and payable in United States funds.

Reverse repurchase agreements, investments in derivatives, and investments in stripped principal or interest obligations that are not issued or guaranteed by the United States, are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Except as noted above, an investment must mature within five years from the date of settlement, unless matched to a specific obligation or debt of the County, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**Noble County, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2018**

Protection of the County's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

**Cash on Hand** At year-end, the County had \$500 in undeposited cash on hand which is included on the Balance Sheet of the County as part of "Equity in Pooled Cash and Cash Equivalents".

**Deposits** Custodial credit risk for deposits is the risk that in the event of bank failure, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$2,570,643 of the County's bank balance of \$2,981,698 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution.

The County has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by:

Eligible securities pledged to the County and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

**Investments** As of December 31, 2018, the County had no investments which were part of an internal investment pool.

**Interest Rate Risk** The County has no investment policy that addresses interest rate risk. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the County, and that an investment must be purchased with the expectation that it will be held to maturity. The intent of the policy is to avoid the need to sell securities prior to maturity.

**Note 7 - Property Taxes**

Property taxes include amounts levied against all real and public utility property located in the County. Property tax revenue received during 2018 for real and public utility property taxes represents collections of 2017 taxes.

2018 real property taxes were levied after October 1, 2018, on the assessed value as of January 1, 2018, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2018 real property taxes are collected in and intended to finance 2019.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

**Noble County, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2018**

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2018 public utility property taxes which became a lien December 31, 2017, were levied after October 1, 2018, and are collected in 2019 with real property taxes.

The full tax rate for all County operations for the year ended December 31, 2018, was \$9.95 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2018 property tax receipts were based are as follows:

|                                  |                             |
|----------------------------------|-----------------------------|
| Real Property                    | \$332,849,700               |
| Public Utility Personal Property | <u>197,577,510</u>          |
| Total Assessed Value             | <u><u>\$530,427,210</u></u> |

The County Treasurer collects property taxes on behalf of all taxing districts in the County. The County Auditor periodically remits to the taxing districts their portion of the taxes collected. The collection and distribution of taxes for all subdivisions within the County, excluding the County itself, is accounted for through agency funds. The amount of the County's tax collections is accounted for within the applicable funds. Property taxes receivable represents real and public utility taxes and outstanding delinquencies which are measurable as of December 31, 2018, and for which there is an enforceable legal claim. In the governmental funds, the portion of the receivable not levied to finance 2018 operations is offset to deferred inflows of resources - property taxes. On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on the modified accrual basis the revenue has been reported as deferred inflows of resources - unavailable revenue.

**Note 8 - Permissive Sales and Use Tax**

In 1967, in accordance with Section 5739.02 of the Revised Code, counties were authorized to levy an excise tax of 0.5% to 1-1/2%. The tax must be levied pursuant to a resolution of the County Commissioners and a copy of the resolution of the County Commissioners sent to the Tax Commissioner not later than 60 days prior to the effective date of the tax.

Vendor collections of the tax are paid to the State Treasurer by the twenty-third day of the month following collection. The State Tax Commissioner certifies to the Office of Budget Management the amount of the tax to be returned to the County. The Tax Commissioner's certification must be made within forty-five days after the end of the month. The Tax Commissioner shall then, on or before the twentieth day of the month in which certification is made, provide for payment to the County.

Effective November 1970, the County Commissioners adopted by resolution a 0.5% permissive sales tax as allowed by Section 5739.02 and 5741.02, Revised Code. In February 1985, an additional 0.5% was adopted and in 1994 an additional 0.5% was adopted. Proceeds of the tax are credited to the General Fund.

**Note 9 - Receivables**

Receivables at December 31, 2018, consisted of taxes, interfund, accrued interest, sales taxes, accounts (billings for user charged services, including unbilled utility services), loans, and intergovernmental receivables arising from grants, entitlements and shared revenues. A summary of the principal items of intergovernmental receivables follows:

**Noble County, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2018**

| <u>Governmental Activities</u>                  | <u>Amount</u>             |
|---|---------------------------|
| Property Tax Allocations                        | \$118,996                 |
| Casino Tax                                      | 87,655                    |
| Local Government Subsidies                      | 117,584                   |
| Developmental Disabilities Grants and Subsidies | 68,571                    |
| Gasoline Excise Tax and MVL Distributions       | 1,563,158                 |
| Community Development Block Grants              | 550,000                   |
| Sheriff Subsidy                                 | 2,353                     |
| Bullet Proof Vest Grant                         | 4,250                     |
| Emergency Management                            | 36,499                    |
| Homeland Security Grant                         | 37,480                    |
| FEMA Grant                                      | 190,069                   |
| Indigent Drivers Alcohol Treatment              | 5                         |
| Subsidy Grants and Allocations                  | 15,747                    |
| Targeted Community Alternatives Grant           | 41,250                    |
| Pre-Sentencing Investigation Grant              | 4,500                     |
| State Victims Assistance                        | 31,621                    |
| Cost Allocation                                 | 12,077                    |
| Public Assistance Grants and Subsidies          | 53,329                    |
| Children Services Grants and Subsidies          | 1,399                     |
| Child Support Enforcement Grants and Subsidies  | 62,038                    |
| Housing of Prisoners                            | 9,840                     |
| Indigent Defense Reimbursements                 | 6,973                     |
| School Resource Officer Reimbursements          | 42,000                    |
| Total Governmental Activities                   | <u>3,057,394</u>          |
| <br>  |                           |
| <u>Business-Type Activities</u>                 |                           |
| OWDA Grants                                     | <u>117,148</u>            |
| Total Intergovernmental Receivables             | <u><u>\$3,174,542</u></u> |

Delinquent accounts receivable may be certified and collected as a special assessment, subject to foreclosure for non-payment. Management believes all other receivables are fully collectible within one year except for property taxes. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year. Delinquent property taxes deemed collectible by the County Auditor are recorded as a receivable, in the amount of \$108,824, may not be collected within one year. Loans Receivable, although ultimately collectible, will not be collected within one year. The County is reflecting a \$38,194 loan receivable in the USDA Rural Business Enterprise Special Revenue Fund. This is the result of the issuance of revolving loans administered by the County.

**Note 10 - Federal Food Stamp Program**

The County's Department of Job and Family Services distributed through contracting issuance centers, federal food stamps to entitled recipients within Noble County. The receipt and issuance of these stamps have the characteristics of federal "grants"; however, the Department of Job and Family Services merely acts in an intermediary capacity. Therefore, the inventory value of these stamps is not reflected in the accompanying financial statements as the only economic interest related to these stamps rests with the ultimate recipient. The County's Department of Job and Family Services had no federal food stamps at December 31, 2018.

**Noble County, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2018**

**Note 11 - Capital Assets**

Capital asset activity for the year ended December 31, 2018, was as follows:

|  | Balance<br>12/31/2017 | Additions           | Reductions         | Transfers        | Balance<br>12/31/2018 |
|--|-----------------------|---------------------|--------------------|------------------|-----------------------|
| <b>Governmental Activities</b>               |                       |                     |                    |                  |                       |
| Non-Depreciable Capital Assets:              |                       |                     |                    |                  |                       |
| Land   | \$794,086             | \$71,500            | \$0                | \$0              | \$865,586             |
| Gravel Roads/Bases                           | 12,809,356            | 0                   | 0                  | 0                | 12,809,356            |
| Total Non-Depreciable Capital Assets         | <u>13,603,442</u>     | <u>71,500</u>       | <u>0</u>           | <u>0</u>         | <u>13,674,942</u>     |
| Depreciable Capital Assets:                  |                       |                     |                    |                  |                       |
| Buildings and Improvements                   | 9,509,487             | 905,743             | 0                  | 0                | 10,415,230            |
| Machinery, Equipment, Furniture and Fixtures | 2,397,149             | 330,888             | (147,060)          | 0                | 2,580,977             |
| Vehicles                                     | 2,109,987             | 161,971             | (123,324)          | (6,400)          | 2,142,234             |
| Infrastructure                               | 16,095,426            | 865,171             | (174,971)          | 0                | 16,785,626            |
| Total Depreciable Capital Assets             | <u>30,112,049</u>     | <u>2,263,773</u>    | <u>(445,355)</u>   | <u>(6,400)</u>   | <u>31,924,067</u>     |
| Less Accumulated Depreciation:               |                       |                     |                    |                  |                       |
| Buildings and Improvements                   | (3,227,601)           | (293,297)           | 0                  | 0                | (3,520,898)           |
| Machinery, Equipment, Furniture and Fixtures | (1,675,084)           | (98,706)            | 64,759             | 0                | (1,709,031)           |
| Vehicles                                     | (1,255,939)           | (162,905)           | 49,593             | 2,000            | (1,367,251)           |
| Infrastructure                               | (7,117,500)           | (649,219)           | 108,323            | 0                | (7,658,396)           |
| Total Accumulated Depreciation               | <u>(13,276,124)</u>   | <u>(1,204,127)*</u> | <u>222,675</u>     | <u>2,000</u>     | <u>(14,255,576)</u>   |
| Total Depreciable Capital Assets, Net        | <u>16,835,925</u>     | <u>1,059,646</u>    | <u>(222,680)</u>   | <u>(4,400)</u>   | <u>17,668,491</u>     |
| Governmental Capital Assets, Net             | <u>\$30,439,367</u>   | <u>\$1,131,146</u>  | <u>(\$222,680)</u> | <u>(\$4,400)</u> | <u>\$31,343,433</u>   |

\* Depreciation expense was charged to programs of the primary government as follows:

**Governmental Activities**

General Government:

|                                    |                    |
|------------------------------------|--------------------|
| Legislative and Executive          | \$118,497          |
| Judicial                           | 20,291             |
| Public Safety                      | 123,228            |
| Public Works                       | 840,236            |
| Health                             | 9,581              |
| Human Services                     | 81,058             |
| Community and Economic Development | 11,236             |
| Total Depreciation Expense         | <u>\$1,204,127</u> |

**Noble County, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2018**

|                                       | Balance<br>12/31/2017     | Additions                 | Reductions                  | Transfers             | Balance<br>12/31/2018     |
|---------------------------------------|---------------------------|---------------------------|-----------------------------|-----------------------|---------------------------|
| <b>Business-Type Activities</b>       |                           |                           |                             |                       |                           |
| Non-Depreciable Capital Assets:       |                           |                           |                             |                       |                           |
| Land                                  | \$17,500                  | \$0                       | \$0                         | \$0                   | \$17,500                  |
| Construction in Progress              | 117,888                   | 1,869,731                 | (1,987,619)                 | 0                     | 0                         |
| Total Non-Depreciable Assets          | <u>135,388</u>            | <u>1,869,731</u>          | <u>(1,987,619)</u>          | <u>0</u>              | <u>17,500</u>             |
| Depreciable Capital Assets:           |                           |                           |                             |                       |                           |
| Vehicles                              | 0                         | 0                         | 0                           | 6,400                 | 6,400                     |
| Infrastructure                        | 7,825,461                 | 1,987,619                 | 0                           | 0                     | 9,813,080                 |
| Total Depreciable Capital Assets      | <u>7,825,461</u>          | <u>1,987,619</u>          | <u>0</u>                    | <u>6,400</u>          | <u>9,819,480</u>          |
| Less Accumulated Depreciation:        |                           |                           |                             |                       |                           |
| Vehicles                              | 0                         | 0                         | 0                           | (2,000)               | (2,000)                   |
| Infrastructure                        | (975,080)                 | (171,226)                 | 0                           | 0                     | (1,146,306)               |
| Total Accumulated Depreciation        | <u>(975,080)</u>          | <u>(171,226)</u>          | <u>0</u>                    | <u>(2,000)</u>        | <u>(1,148,306)</u>        |
| Total Depreciable Capital Assets, Net | <u>6,850,381</u>          | <u>1,816,393</u>          | <u>0</u>                    | <u>4,400</u>          | <u>8,671,174</u>          |
| Business-Type Capital Assets, Net     | <u><u>\$6,985,769</u></u> | <u><u>\$3,686,124</u></u> | <u><u>(\$1,987,619)</u></u> | <u><u>\$4,400</u></u> | <u><u>\$8,688,674</u></u> |

Included in additions and deletions in the above table is a reclass of construction in progress in the amount of \$1,987,619 to infrastructure as a result of completion of a sewer project.

**Note 12 - Risk Management**

The County is exposed to various risks of loss related to torts; theft, damage to or destruction of assets; errors and omissions; employee injuries, and natural disasters. During 2018, the County contracted with the Buckeye Joint-County Insurance Council (a public entity risk pool - See Note 20) for liability, auto, and crime insurance. This organization is a cost-sharing pool. Coverage provided by the program is as follows:

| Basic Contribution                             | Coverage Limits/Aggregate | Deductible       |
|--|---------------------------|------------------|
| Blanket Buildings and Personal Property        | \$21,775,558              | \$1,000/\$25,000 |
| Legal Liability Real Property                  | 1,000,000                 | 1,000            |
| Business Income with Extra Expense             | 1,000,000                 | 1,000            |
| Inland Marine                                  | 2,431,156                 | 1,000            |
| Electronic Equipment Limit                     | 500,000                   | 1,000            |
| Electronic Media and Extra Expense Limit       | 5,000                     | 1,000            |
| Property Away From Premises Limit              | 10,000                    | 1,000            |
| Computer Virus                                 | 1,000                     | 1,000            |
| General Liability                              | 2,000,000                 | 0                |
| Personal and Advertising Injury                | 2,000,000                 | 0                |
| General Aggregate                              | 4,000,000                 | 0                |
| Product – Completed Operations Aggregate Limit | 4,000,000                 | 0                |
| Medical Expense Limit – Per Person             | 10,000                    | 0                |
| Medical Expense Limit Per Accident             | 50,000                    | 0                |
| Employers Liability - Ohio Stop Gap            | 2,000,000                 | 0                |
| Employees Benefits Liability                   | 2,000,000/4,000,000       | 0                |

**Noble County, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2018**

|   |                     |       |
|---|---------------------|-------|
| Public Official Liability               | 2,000,000/4,000,000 | 5,000 |
| Law Enforcement Liability               | 2,000,000/4,000,000 | 5,000 |
| Theft, Disappearance and Destruction    | 50,000              | 0     |
| Public Employee Dishonesty              | 250,000             | 0     |
| Forgery and Alteration                  | 5,000               | 0     |
| Computer Fraud                          | 50,000              | 100   |
| Funds Transfer Fraud                    | 5,000               | 0     |
| Animal Mortality                        | \$10,000            | 0     |
| Arson Reward                            | 5,000               | 0     |
| Cemetery Structures                     | 10,000              | 0     |
| Fire Department Service Charge          | 1,000               | 0     |
| Lock Re-Keying                          | 2,500               | 0     |
| Outdoor Property                        | 100,000             | 0     |
| Personal Effects                        | 2,500               | 0     |
| Pollution Clean Up and Removal          | 100,000             | 0     |
| Property Off Premises                   | 10,000              | 0     |
| Accounts Receivable                     | 250,000             | 0     |
| Builder Risk                            | 500,000             | 0     |
| Fine Arts                               | 25,000              | 0     |
| Fire Protection Devices                 | 5,000               | 0     |
| Grounds Maintenance Equipment           | 50,000              | 0     |
| Newly Acquired or Constructed Buildings | 2,000,000           | 0     |
| Newly Acquired Personal Property        | 1,000,000           | 0     |
| Paved Surfaces                          | 50,000              | 0     |
| Underground Pipes, Flues or Drains      | 1,000,000           | 0     |
| Unnamed Locations                       | 250,000             | 0     |
| Valuable Papers and Records             | 250,000             | 0     |
| Utility Services                        | 25,000              | 0     |
| Property in Transit                     | 100,000             | 0     |
| Auto Liability                          | 2,000,000           | 0     |
| Auto Medical Payments                   | 10,000              | 0     |

Settled claims have not exceeded coverage in any of the last three years. There has not been a significant reduction in coverage from the prior year.

For 2018, the County participated in the County Commissioners Association of Ohio Workers' Compensation Group Rating Plan (Plan), an insurance purchasing pool (See Note 20). The Plan is intended to achieve lower workers' compensation rates while establishing safer working conditions and environments for the participants. The workers' compensation experience of the participating counties is calculated as one experience and a common premium rate is applied to all participants in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate.

In order to allocate the savings derived by formation of the Plan, and to maximize the number of participants in the Plan, the Plan's executive committee annually calculates the total savings which accrued to the Plan through its formation. This savings is then compared to the overall savings percentage of the Plan. The Plan's executive committee then collects rate contributions from or pays rate equalization rebates to the various participants. Participation in the Plan is limited to counties that can meet the Plan's selection criteria. The firm of Comp Management, Inc. provides administrative, cost control, and actuarial services to the Plan. Each year, the County pays an enrollment fee to the Plan to cover the costs of administering the program. The County may withdraw from the Plan if written notice is provided sixty days prior to the prescribed application deadline of the Ohio Bureau of Workers' Compensation. However, the participant is not relieved of the obligation to pay any amounts owed to the Plan prior to withdrawal, and any participant leaving the Plan allows the representative of the Plan to access loss experience for three years following the last year of participation.



**Noble County, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2018**

The County pays all elected official bonds by state statute.

**Note 13 - Defined Benefit Pension Plan**

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

**Net Pension Liability (Asset)/Net OPEB Liability (Asset)**

The net pension liability (asset) and the net OPEB liability (asset) reported on the Statement of Net Position represent liabilities to employees for pensions and OPEB, respectively. Pensions/OPEB are a component of exchange transactions - between an employer and its employees - of salaries and benefits for employee services. Pensions/OPEB are provided to an employee - on a deferred-payment basis - as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension/OPEB liability (asset) represents the County's proportionate share of the pension/OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of the pension/OPEB plan's fiduciary net position. The net pension/OPEB liability (asset) calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments, and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the County's obligation for this liability to annually required payments. The County cannot control benefit terms or the manner in which pensions are financed; however, the County does receive the benefit of employees' services in exchange for compensation including pension and OPEB.

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). The retirement system may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement system to amortize unfunded liabilities within 30 years. If the pension amortization period exceeds 30 years, the retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require, the retirement system to provide healthcare to eligible benefit recipients.

The proportionate share of the plan's unfunded benefits is presented as a *net pension/OPEB asset* or a long-term *net pension/OPEB liability* on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 14 for the required OPEB disclosures.

**Noble County, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2018**

**Plan Description - Ohio Public Employees Retirement System (OPERS)**

County employees, other than licensed teachers and other faculty members, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information, and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members in the traditional and combined plans were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional and combined plans as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

| <b>Group A</b>   | <b>Group B</b>   | <b>Group C</b>   |
|--|--|--|
| Eligible to retire prior to January 7, 2013 or five years after January 7, 2013  | 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013  | Members not in other Groups and members hired on or after January 7, 2013  |
| <b>State and Local</b>   | <b>State and Local</b>   | <b>State and Local</b>   |
| <b>Age and Service Requirements:</b><br>Age 60 with 60 months of service credit or Age 55 with 25 years of service credit                        | <b>Age and Service Requirements:</b><br>Age 60 with 60 months of service credit or Age 55 with 25 years of service credit                        | <b>Age and Service Requirements:</b><br>Age 57 with 25 years of service credit or Age 62 with 5 years of service credit                          |
| <b>Traditional Plan Formula:</b><br>2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30 | <b>Traditional Plan Formula:</b><br>2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30 | <b>Traditional Plan Formula:</b><br>2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35 |
| <b>Combined Plan Formula:</b><br>1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30     | <b>Combined Plan Formula:</b><br>1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30     | <b>Combined Plan Formula:</b><br>1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35     |
| <b>Law Enforcement</b>   | <b>Law Enforcement</b>   | <b>Law Enforcement</b>   |
| <b>Age and Service Requirements:</b><br>Age 52 with 15 years of service credit   | <b>Age and Service Requirements:</b><br>Age 48 with 25 years of service credit or Age 52 with 15 years of service credit                         | <b>Age and Service Requirements:</b><br>Age 48 with 25 years of service credit or Age 56 with 15 years of service credit                         |
| <b>Traditional Plan Formula:</b><br>2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25 | <b>Traditional Plan Formula:</b><br>2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25 | <b>Traditional Plan Formula:</b><br>2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25 |

Final Average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

**Noble County, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2018**

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a traditional plan benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-of-living adjustment of the defined benefit portion of their pension benefit. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan, and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions, and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the purchase of a monthly defined benefit annuity from OPERS (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

**Noble County, Ohio**  
**Notes to the Basic Financial Statements**  
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|  | <u>State<br/>and Local</u> | <u>Law<br/>Enforcement</u> |
|--|----------------------------|----------------------------|
| <b>2018 Statutory Maximum Contribution Rates</b> |                            |                            |
| Employer   | 14.0 %                     | 18.1 %                     |
| Employee *                                       | 10.0 %                     | **                         |
| <b>2018 Actual Contribution Rates</b>            |                            |                            |
| Employer:  |                            |                            |
| Pension ***                                      | 14.0 %                     | 18.1 %                     |
| Post-employment Health Care Benefits ***         | <u>0.0 %</u>               | <u>0.0 %</u>               |
| Total Employer                                   | <u>14.0 %</u>              | <u>18.1 %</u>              |
| Employee   | <u>10.0 %</u>              | <u>13.0 %</u>              |

\* Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.

\*\*\* This rate is determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.

\*\*\* These pension and employer health care rates are for the traditional and combined plans. The employer contributions rate for the member-directed plan is allocated 4 percent for health care with the remainder going to pension.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

For 2018, the County's contractually required contribution was \$751,703 for the traditional plan, \$8,697 for the combined plan, and \$6,430 for the member-directed plan. Of these amounts, \$94,189 is reported as an intergovernmental payable for the traditional plan, \$1,089 for the combined plan, and \$1,132 for the member-directed plan.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

The net pension liability (asset) for OPERS was measured as of December 31, 2017. The total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of the measurement date. The County's proportion of the net pension liability (asset) was based on the County's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense of the County's defined benefit pension plans:

**Noble County, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2018**

|  | OPERS<br>Traditional Plan | OPERS<br>Combined Plan | Total       |
|--|---------------------------|------------------------|-------------|
| Proportion of the Net Pension Liability: |                           |                        |             |
| Current Measurement Date                 | 0.0389330%                | 0.0080500%             |             |
| Prior Measurement Date                   | 0.0373180%                | 0.0163260%             |             |
| Change in Proportionate Share            | <u>0.0016150%</u>         | <u>-0.0082760%</u>     |             |
| Proportionate Share of the:              |                           |                        |             |
| Net Pension Liability                    | \$6,107,833               | \$0                    | \$6,107,833 |
| Net Pension Asset                        | 0                         | 10,958                 | 10,958      |
| Pension Expense                          | \$1,472,718               | (\$10,938)             | \$1,461,780 |

2018 pension expense for the member-directed defined contribution plan was \$9,002.

At December 31, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to defined benefit pensions from the following sources:

|   | OPERS<br>Traditional Plan | OPERS<br>Combined Plan | Total              |
|---|---------------------------|------------------------|--------------------|
| <b>Deferred Outflows of Resources</b>   |                           |                        |                    |
| Differences between expected and actual experience  | \$6,237                   | \$0                    | \$6,237            |
| Change of assumptions   | 729,927                   | 958                    | 730,885            |
| Changes in proportion and differences between County contributions and proportionate share of contributions | 209,823                   | 4,015                  | 213,838            |
| County contributions subsequent to the measurement date   | <u>751,703</u>            | <u>8,697</u>           | <u>760,400</u>     |
| Total Deferred Outflows of Resources  | <u>\$1,697,690</u>        | <u>\$13,670</u>        | <u>\$1,711,360</u> |
| <b>Deferred Inflows of Resources</b>  |                           |                        |                    |
| Differences between expected and actual experience  | \$120,366                 | \$3,264                | \$123,630          |
| Net difference between projected and actual earnings on pension plan investments                            | <u>1,311,271</u>          | <u>1,729</u>           | <u>1,313,000</u>   |
| Total Deferred Inflows of Resources   | <u>\$1,431,637</u>        | <u>\$4,993</u>         | <u>\$1,436,630</u> |

\$760,400 reported as deferred outflows of resources related to pension resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability or increase to the net pension asset in 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

| Year Ending<br>December 31, | OPERS<br>Traditional Plan | OPERS<br>Combined Plan | Total              |
|-----------------------------|---------------------------|------------------------|--------------------|
| 2019                        | \$671,720                 | (\$68)                 | \$671,652          |
| 2020                        | (41,135)                  | (114)                  | (41,249)           |
| 2021                        | (577,414)                 | (503)                  | (577,917)          |
| 2022                        | (538,821)                 | (461)                  | (539,282)          |
| 2023                        | 0                         | 145                    | 145                |
| Thereafter                  | 0                         | 981                    | 981                |
|                             | <u>(\$485,650)</u>        | <u>(\$20)</u>          | <u>(\$485,670)</u> |

**Noble County, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2018**

**Actuarial Assumptions - OPERS**

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2017, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2017, are presented below:

|   | <u>OPERS Traditional Plan</u>                                | <u>OPERS Combined Plan</u>                                   |
|---|--|--|
| Wage Inflation                                  | 3.25 percent   | 3.25 percent   |
| Future Salary Increases,<br>including inflation | 3.25 to 10.75 percent<br>including wage inflation            | 3.25 to 8.25 percent<br>including wage inflation             |
| COLA or Ad Hoc COLA:                            |  |  |
| Pre-January 7, 2013 Retirees                    | 3 percent, simple  | 3 percent, simple  |
| Post-January 7, 2013 Retirees                   | 3 percent, simple through 2018,<br>then 2.15 percent, simple | 3 percent, simple through 2018,<br>then 2.15 percent, simple |
| Investment Rate of Return                       | 7.5 percent  | 7.5 percent  |
| Actuarial Cost Method                           | Individual Entry Age   | Individual Entry Age   |

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled Mortality table for males and females, adjusted for mortality improvement back to the observation base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

The most recent experience study was completed for the five year period ended December 31, 2015.

The long-term rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

During 2017, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan, and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month.

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Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio is 16.82 percent for 2017.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2017 and the long-term expected real rates of return:

| Asset Class            | Target<br>Allocation | Weighted Average<br>Long-Term Expected<br>Real Rate of Return<br>(Arithmetic) |
|------------------------|----------------------|---|
| Fixed Income           | 23.00 %              | 2.20 %  |
| Domestic Equities      | 19.00                | 6.37  |
| Real Estate            | 10.00                | 5.26  |
| Private Equity         | 10.00                | 8.97  |
| International Equities | 20.00                | 7.88  |
| Other investments      | 18.00                | 5.26  |
| <b>Total</b>           | <b>100.00 %</b>      | <b>5.66 %</b>   |

**Discount Rate**

The discount rate used to measure the total pension liability for 2017 was 7.5 percent for the traditional plan and the combined plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the County's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate**

The following table presents the County's proportionate share of the net pension liability (asset) calculated using the current period discount rate assumption of 7.5 percent, as well as what the County's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one-percentage-point lower (6.5 percent) or one-percentage-point higher (8.5 percent) than the current rate:

|  | 1% Decrease<br>(6.50%) | Current<br>Discount Rate<br>(7.50%) | 1% Increase<br>(8.50%) |
|--|------------------------|-------------------------------------|------------------------|
| <b>County's proportionate share<br/>of the net pension liability (asset)</b> |                        |                                     |                        |
| OPERS Traditional Plan   | \$10,845,955           | \$6,107,833                         | \$2,157,667            |
| OPERS Combined Plan  | (5,957)                | (10,958)                            | (14,410)               |

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**Changes between Measurement Date and Report Date**

In October 2018, the OPERS Board adopted a change in the investment return assumption, reducing it from 7.5 percent to 7.2 percent. This change will be effective for the 2018 valuation. The exact amount of the impact to the County's net pension liability is not known.

**Note 14 - Defined Benefit OPEB Plan**

See Note 13 for a description of the net OPEB liability.

**Plan Description - Ohio Public Employees Retirement System (OPERS)**

The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the Traditional Pension Plan, a cost-sharing, multiple-employer defined benefit pension plan; the Member - Directed Plan, a defined contribution plan; and the Combined Plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage, and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and Combined Plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for post-employment health care coverage, age and service retirees under the Traditional and Combined Plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' CAFR referenced below for additional information.

The Ohio Revised Code permits, but does not require, OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund post-employment health care through contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2018, state and local government employers contributed at a rate of 14 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 1.0 percent during calendar year 2017. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2018 decreased to 0 percent for both plans.



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The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2018 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The County's contractually required contribution was \$2,572 for 2018. Of this amount, \$323 is reported as an intergovernmental payable.

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. The County's proportion of the net OPEB liability was based on the County's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

|   | OPERS       |
|---|-------------|
| Proportion of the Net OPEB Liability:         |             |
| Current Measurement Date                      | 0.036950%   |
| Prior Measurement Date                        | 0.035760%   |
| Change in Proportionate Share                 | 0.0011900%  |
| Proportionate Share of the Net OPEB Liability | \$4,012,498 |
| OPEB Expense                                  | \$375,770   |

At December 31, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|   | OPERS     |
|---|-----------|
| <b>Deferred Outflows of Resources</b>   |           |
| Differences between expected and actual experience  | \$3,126   |
| Changes of assumptions  | 292,152   |
| Changes in proportion and differences between County contributions and proportionate share of contributions | 81,317    |
| County contributions subsequent to the measurement date   | 2,572     |
| Total Deferred Outflows of Resources  | \$379,167 |
| <b>Deferred Inflows of Resources</b>  |           |
| Net difference between projected and actual earnings on OPEB plan investments                               | \$298,904 |

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\$2,572 reported as deferred outflows of resources related to OPEB resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Year Ending December 31: | OPERS     |
|--------------------------|-----------|
| 2019                     | \$105,325 |
| 2020                     | 105,325   |
| 2021                     | (58,233)  |
| 2022                     | (74,726)  |
| Total                    | \$77,691  |

**Actuarial Assumptions - OPERS**

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

|  |  |
|--|--|
| Wage Inflation                                     | 3.25 percent   |
| Projected Salary Increases,<br>including Inflation | 3.25 to 10.75 percent<br>including wage inflation      |
| Single Discount Rate:                              |  |
| Current Measurement Date                           | 3.85 percent   |
| Prior Measurement Date                             | 4.23 percent   |
| Investment Rate of Return                          | 6.50 percent   |
| Municipal Bond Rate                                | 3.31 percent   |
| Health Care Cost Trend Rate                        | 7.5 percent, initial<br>3.25 percent, ultimate in 2028 |
| Actuarial Cost Method                              | Individual Entry Age                                   |

Pre-retirement mortality rates are based on the RP-2014 Employees Mortality Table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant Mortality Table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled Mortality Table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

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The most recent experience study was completed for the five year period ended December 31, 2015.

The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

During 2017, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan, and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio is 15.2 percent for 2017.

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2017 and the long-term expected real rates of return:

| <u>Asset Class</u>           | <u>Target<br/>Allocation</u> | <u>Weighted Average<br/>Long-Term Expected<br/>Real Rate of Return<br/>(Arithmetic)</u> |
|------------------------------|------------------------------|---|
| Fixed Income                 | 34.00 %                      | 1.88 %  |
| Domestic Equities            | 21.00                        | 6.37  |
| Real Estate Investment Trust | 6.00                         | 5.91  |
| International Equities       | 22.00                        | 7.88  |
| Other investments            | 17.00                        | 5.39  |
| Total                        | <u>100.00 %</u>              | <u>4.98 %</u>   |

**Discount Rate**

A single discount rate of 3.85 percent was used to measure the OPEB liability on the measurement date of December 31, 2017. A single discount rate of 4.23 percent was used to measure the OPEB liability on the measurement date of December 31, 2016. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.50 percent and a municipal bond rate of 3.31 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate.

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Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

**Sensitivity of the County's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate**

The following table presents the County's proportionate share of the net OPEB liability calculated using the single discount rate of 3.85 percent, as well as what the County's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.85 percent) or one-percentage-point higher (4.85 percent) than the current rate:

|   | 1% Decrease<br>(2.85%) | Discount Rate<br>(3.85%) | 1% Increase<br>(4.85%) |
|---|------------------------|--------------------------|------------------------|
| County's proportionate share<br>of the net OPEB liability | \$5,330,777            | \$4,012,498              | \$2,946,024            |

**Sensitivity of the County's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate**

Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2018 is 7.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.25 percent in the most recent valuation.

|   | 1% Decrease | Current Health Care<br>Cost Trend Rate<br>Assumption | 1% Increase |
|---|-------------|--|-------------|
| County's proportionate share<br>of the net OPEB Liability | \$3,839,105 | \$4,012,498  | \$4,191,608 |

***Changes between Measurement Date and Report Date***

In October 2018, the OPERS Board adopted a change in the investment return assumption, reducing it from 6.5 percent to 6.0 percent. This change will be effective for the 2018 valuation. The exact amount of the impact to the County's net OPEB liability is not known.

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**Note 15 - Other Employee Benefits**

***A. Compensated Absences***

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Employees earn two to six weeks of vacation per year, depending on length of service. Vacation accumulation is limited to three years. All accumulated, unused vacation time is paid to eligible employees upon termination of employment.

Employees earn sick leave at the rate of 1.25 days per month of service. Sick leave is accumulated without limit. Upon retirement or death, an employee can be paid from twenty-five to fifty percent of accumulated, unused sick leave up to 480 hours accumulation. As of December 31, 2018 the liability for compensated absences was \$725,161 for the entire County.

***B. Health Insurance Option***

The County provides health and prescription insurance coverage purchased through The Health Plan for all eligible employees. The County pays eighty percent of the monthly premiums and employees pay twenty percent.

The County provides life insurance to most employees through Humana. The County pays the entire monthly premium for this benefit.

The County provides dental and vision insurance to employees through Humana. The County pays the entire monthly premium for these benefits.

***C. Health Insurance Option***

Some employees of the Motor Vehicle and Gasoline Tax Special Revenue Fund may wish to waive their insurance coverage after having this benefit provided elsewhere. In that event, a cash payment in lieu of a health benefit shall be made to the employee. The cash payment will be made once a year in December and shall not exceed twenty-five percent of the cost of premiums or payments that otherwise would be paid by the County for the employee under the single coverage.

Some employees of the Development Disabilities Special Revenue Fund may wish to waive their insurance coverage after having this benefit provided elsewhere. In that event, a cash payment in lieu of a health benefit shall be made to the employee. The cash payment will be made quarterly in the amount of \$450 for an annual stipend of \$1,800.

**Note 16 - Significant Commitments**

Encumbrances are commitments to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end, the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

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|                                |                         |
|--------------------------------|-------------------------|
| <u>Governmental Funds</u>      |                         |
| General Fund                   | \$73,795                |
| Job and Family Services        | 10,075                  |
| Motor Vehicle and Gasoline Tax | 53,172                  |
| Other Governmental Funds       | 406,423                 |
| Total Governmental Funds       | <u>543,465</u>          |
| <br>                           |                         |
| <u>Proprietary Fund</u>        |                         |
| Sewer                          | <u>124,211</u>          |
| <br>                           |                         |
| Total All Funds                | <u><u>\$667,676</u></u> |

**Note 17 - Long -Term Obligations**

Changes in the County's long-term obligations during the year consisted of the following:

|   | Outstanding<br>12/31/2017  | Additions                 | Deletions                 | Outstanding<br>12/31/2018  | Amounts<br>Due Within<br>One Year |
|---|----------------------------|---------------------------|---------------------------|----------------------------|-----------------------------------|
| <b>Governmental Activities:</b>               |                            |                           |                           |                            |                                   |
| General Obligation Bonds:                     |                            |                           |                           |                            |                                   |
| County Services Facilities                    | \$1,507,129                | \$0                       | \$68,383                  | \$1,438,746                | \$70,537                          |
| Net Pension Liability - OPERS                 | 8,474,282                  | 0                         | 2,366,449                 | 6,107,833                  | 0                                 |
| Net OPEB Liability - OPERS                    | 3,611,881                  | 400,617                   | 0                         | 4,012,498                  | 0                                 |
| Compensated Absences                          | 688,332                    | 331,067                   | 295,615                   | 723,784                    | 208,779                           |
| Total Governmental Activities                 | <u>14,281,624</u>          | <u>731,684</u>            | <u>2,730,447</u>          | <u>12,282,861</u>          | <u>279,316</u>                    |
| <br>  |                            |                           |                           |                            |                                   |
| <b>Business-Type Activities:</b>              |                            |                           |                           |                            |                                   |
| Sewer Project Phase II                        |                            |                           |                           |                            |                                   |
| OWDA Loan - 2009 - 0%                         | 164,924                    | 0                         | 12,217                    | 152,707                    | 12,217                            |
| Belle Valley Project OWDA<br>Loan - 2013 - 0% | 609,173                    | 0                         | 33,843                    | 575,330                    | 33,843                            |
| Lashley Addition Wastewater System            |                            |                           |                           |                            |                                   |
| OWDA Loan - 2018 - 0%                         | 0                          | 1,891,869                 | 1,891,869                 | 0                          | 0                                 |
| Compensated Absences                          | 1,102                      | 593                       | 318                       | 1,377                      | 340                               |
| Total Business-Type Activities                | <u>775,199</u>             | <u>1,892,462</u>          | <u>1,938,247</u>          | <u>729,414</u>             | <u>46,400</u>                     |
| Total Long-Term Obligations                   | <u><u>\$15,056,823</u></u> | <u><u>\$2,624,146</u></u> | <u><u>\$4,668,694</u></u> | <u><u>\$13,012,275</u></u> | <u><u>\$325,716</u></u>           |

Governmental Activities

During 2014, the County issued \$1,700,000 in County Services Facilities private placement general obligation bonds at an interest rate of 3.15% with a final maturity date of August 2034 for the purpose of constructing a county facilities building. The debt is being retired through the General Fund.

Annual debt service requirements to retire general obligation bonds outstanding at December 31, 2018, are as follows:

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| Year Ending<br>December 31, | Principal          | Interest         | Total              |
|-----------------------------|--------------------|------------------|--------------------|
| 2019                        | \$70,537           | \$45,320         | \$115,857          |
| 2020                        | 72,759             | 43,099           | 115,858            |
| 2021                        | 75,051             | 40,807           | 115,858            |
| 2022                        | 77,415             | 38,443           | 115,858            |
| 2023                        | 79,853             | 36,004           | 115,857            |
| 2024-2028                   | 438,619            | 140,666          | 579,285            |
| 2029-2033                   | 512,193            | 67,091           | 579,284            |
| 2034                        | 112,319            | 3,538            | 115,857            |
| Total                       | <u>\$1,438,746</u> | <u>\$414,968</u> | <u>\$1,853,714</u> |

There is no repayment schedule for the net pension/OPEB liability. However, employer pension/OPEB contributions are made from the following funds: The General Fund and the Job and Family Services, Motor Vehicle and Gasoline Tax, Developmental Disabilities, Child Support Enforcement Agency, Litter, Dog and Kennel, Delinquent Real Estate and Tax Collection, 911, Emergency Management Agency, Community Development Block Grant, State Victims Advocate, Miscellaneous Court Grants, Real Estate Assessment, and Law Library Resources Special Revenue Funds. For additional information related to the net pension liability see Note 13.

Compensated absences will be paid from the funds from which the employees' salaries are paid, which consist of the General Fund and the Job and Family Services, Motor Vehicle and Gasoline Tax, Real Estate Assessment, Child Support Enforcement Agency, Developmental Disabilities, Miscellaneous Court Grants, and Emergency Management Agency Special Revenue Funds.

Business-Type Activities

The County has pledged future sewer customer revenues, net of specified operating expenses, to repay \$2,813,060 in sewer system OWDA loans issued between 2009 and 2018. Proceeds from these loans provided financing for various sewer projects. The loans are payable solely from sewer customer net revenues and are payable through 2035. Annual principal and interest payments on the loans as compared to net future revenues are not estimable but are expected to be less than net revenues in each year the loans are outstanding. Principal paid for the current year and total customer net revenues were \$1,937,929 and (\$49,466), respectively.

Annual debt service requirements to maturity for the OWDA loans are as follows:

| Year Ending<br>December 31, | Principal        |
|-----------------------------|------------------|
| 2019                        | \$46,060         |
| 2020                        | 46,060           |
| 2021                        | 46,060           |
| 2022                        | 46,060           |
| 2023                        | 46,060           |
| 2024-2028                   | 230,290          |
| 2029-2033                   | 199,750          |
| 2034-2035                   | 67,697           |
| Total                       | <u>\$728,037</u> |

The County's overall legal debt margin at December 31, 2018 was \$10,321,934.

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**Note 18 - Interfund Transactions**

Interfund balances at December 31, 2018 consist of the following individual fund receivables and payables:

| Interfund Payable              | Interfund Receivable |                         |                                |              |                             | Totals           |
|--------------------------------|----------------------|-------------------------|--------------------------------|--------------|-----------------------------|------------------|
|                                | Major Funds          |                         |                                |              |                             |                  |
|                                | General              | Job and Family Services | Motor Vehicle and Gasoline Tax | Sewer        | Other Nonmajor Governmental |                  |
| Major Funds:                   |                      |                         |                                |              |                             |                  |
| General                        | \$0                  | \$0                     | \$0                            | \$47         | \$360                       | \$407            |
| Job and Family Services        | 129,708              | 0                       | 0                              | 57           | 0                           | 129,765          |
| Motor Vehicle and Gasoline Tax | 0                    | 0                       | 0                              | 56           | 0                           | 56               |
| Sewer                          | 0                    | 0                       | 49                             | 0            | 0                           | 49               |
| Other Nonmajor Governmental    | 60,192               | 322,042                 | 0                              | 0            | 66,688                      | 448,922          |
| <b>Total All Funds</b>         | <b>\$189,900</b>     | <b>\$322,042</b>        | <b>\$49</b>                    | <b>\$160</b> | <b>\$67,048</b>             | <b>\$579,199</b> |

The above interfund receivables/payables are due to time lags between the dates interfund goods and services are provided, transactions recorded in the accounting system, and payments between funds were made. Also included in the above balances are short-term advances made from the General Fund to the State Victims Advocate, Litter Control, Bullet Proof Vest, and Community Development Block Grants Special Revenue Funds in the amounts of \$4,000, \$5,000, \$5,375 and \$10,000, respectively.

Interfund transfers for the year ended December 31, 2018 consisted of the following, as reported on the fund statements:

| Transfer from               | Transfer to      |                             | Totals             |
|-----------------------------|------------------|-----------------------------|--------------------|
|                             | Major Fund       | Other Nonmajor Governmental |                    |
| Major Fund:                 |                  |                             |                    |
| General Fund                | \$0              | \$933,878                   | \$933,878          |
| Other Nonmajor Governmental | 161,500          | 0                           | 161,500            |
| <b>Total All Funds</b>      | <b>\$161,500</b> | <b>\$933,878</b>            | <b>\$1,095,378</b> |

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to move unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

The Statement of Activities is presenting a transfer from governmental activities to business-type activities in the amount of \$4,400 as a result of a transfer of a capital asset.

**Note 19 - Fund Balances**

Fund balance is classified as nonspendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the County is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on fund balances for the major governmental funds and all other governmental funds are presented below:



**Noble County, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2018**

| Fund Balances                           | General            | Job and<br>Family<br>Services | Motor Vehicle<br>and Gasoline<br>Tax | Developmental<br>Disabilities | Other<br>Governmental<br>Funds | Total               |
|---|--------------------|-------------------------------|--------------------------------------|-------------------------------|--------------------------------|---------------------|
| Nonspendable:                           |                    |                               |                                      |                               |                                |                     |
| Inventory                               | \$42,333           | \$500                         | \$191,794                            | \$1,200                       | \$7,100                        | \$242,927           |
| Prepays                                 | 51,058             | 13,924                        | 15,556                               | 14,706                        | 60,998                         | 156,242             |
| Revolving Loan                          | 0                  | 0                             | 0                                    | 0                             | 38,194                         | 38,194              |
| Unclaimed<br>Monies                     | 6,501              | 0                             | 0                                    | 0                             | 0                              | 6,501               |
| <b>Total Nonspendable</b>               | <b>99,892</b>      | <b>14,424</b>                 | <b>207,350</b>                       | <b>15,906</b>                 | <b>106,292</b>                 | <b>443,864</b>      |
| Restricted to:                          |                    |                               |                                      |                               |                                |                     |
| Court Corrections                       | 0                  | 0                             | 0                                    | 0                             | 323,185                        | 323,185             |
| Roads and Bridges                       | 0                  | 0                             | 1,279,192                            | 0                             | 0                              | 1,279,192           |
| Human Services                          | 0                  | 0                             | 0                                    | 0                             | 1,724,245                      | 1,724,245           |
| Public Safety                           | 0                  | 0                             | 0                                    | 0                             | 410,820                        | 410,820             |
| Developmental<br>Disabilities           | 0                  | 0                             | 0                                    | 1,357,793                     | 0                              | 1,357,793           |
| Health                                  | 0                  | 0                             | 0                                    | 0                             | 4,623                          | 4,623               |
| Mental Health                           | 0                  | 0                             | 0                                    | 0                             | 3,236                          | 3,236               |
| Community Development                   | 0                  | 0                             | 0                                    | 0                             | 617,010                        | 617,010             |
| Real Estate Assessment                  | 0                  | 0                             | 0                                    | 0                             | 1,188,299                      | 1,188,299           |
| Delinquent Tax Collection               | 0                  | 0                             | 0                                    | 0                             | 172,561                        | 172,561             |
| Other Purposes                          | 0                  | 0                             | 0                                    | 0                             | 139,558                        | 139,558             |
| <b>Total Restricted</b>                 | <b>0</b>           | <b>0</b>                      | <b>1,279,192</b>                     | <b>1,357,793</b>              | <b>4,583,537</b>               | <b>7,220,522</b>    |
| Committed to:                           |                    |                               |                                      |                               |                                |                     |
| Unpaid Obligations                      | 7,199              | 0                             | 0                                    | 0                             | 0                              | 7,199               |
| Severance Payments                      | 31,653             | 0                             | 0                                    | 0                             | 0                              | 31,653              |
| <b>Total Assigned</b>                   | <b>38,852</b>      | <b>0</b>                      | <b>0</b>                             | <b>0</b>                      | <b>0</b>                       | <b>38,852</b>       |
| Assigned to:                            |                    |                               |                                      |                               |                                |                     |
| Purchases on Order<br>Subsequent Years' | 19,225             | 0                             | 0                                    | 0                             | 0                              | 19,225              |
| Appropriations                          | 2,449,147          | 0                             | 0                                    | 0                             | 0                              | 2,449,147           |
| <b>Total Assigned</b>                   | <b>2,468,372</b>   | <b>0</b>                      | <b>0</b>                             | <b>0</b>                      | <b>0</b>                       | <b>2,468,372</b>    |
| Unassigned (Deficit)                    | 800,159            | (67,690)                      | 0                                    | 0                             | (198,650)                      | 533,819             |
| <b>Total Fund Balances (Deficit)</b>    | <b>\$3,407,275</b> | <b>(\$53,266)</b>             | <b>\$1,486,542</b>                   | <b>\$1,373,699</b>            | <b>\$4,491,179</b>             | <b>\$10,705,429</b> |

**Noble County, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2018**

**Note 20 - Public Entity Risk Pools**

***A. Buckeye Joint-County Insurance Council***

The Buckeye Joint-County Insurance Council is an insurance purchasing pool that serves Noble, Athens, Hocking, Jackson, Lawrence, Monroe, Morgan, Perry, Pike, and Vinton Counties. The Council was formed as an Ohio nonprofit corporation for the purpose of establishing an insurance pool to obtain general liability, law enforcement, professional and fleet insurance. Member counties provide operating resources to the corporation based on actuarially determined rates. The Governing Board, consisting of a commissioner from each county, annually elects officers, which includes a President, Vice President, Second Vice President and two Governing Board members. The Governing Board exercises total control over the operations of the Council including budgeting, contracting, appropriating, and designating management. The degree of control exercised by any participating government is limited to its representation on the Governing Board. The expenditures and investment of funds by the officers must be approved by the Governing Board unless specific limits have been set by the Governing Board to permit otherwise.

Noble County does not have any ongoing financial interest or responsibility. The agreement between the County and the Council indicates that a voluntary withdrawal or termination of the Council shall constitute a forfeiture of any pro rata share of the Council reserve fund. In the event of the termination of the Council, current members shall be paid in an amount that they have contributed to the Council as of the last month of the Council's existence. Current calculation of this potential residual interest is therefore not possible. During 2018, Noble County paid \$92,352 to the Council for coverage.

***B. County Commissioners Association of Ohio Workers' Compensation Group Rating Plan***

For 2018, the County participated in the County Commissioners' Association of Ohio Workers' Compensation Group Rating Plan (Plan) provided by the County Commissioners' Association of Ohio, a workers' compensation insurance purchasing pool. The intent of the Plan is to achieve lower workers' compensation rates while establishing safe working conditions and environments for the participants.

The workers' compensation experience of the participating counties is calculated as one experience and a common premium rate is applied to all counties in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate. In order to allocate the savings derived by formation of the Plan, and to maximize the number of participants in the Plan, annually the Plan's executive committee calculates the total savings which accrued to the Plan through its formation. This savings is then compared to the overall savings percentage of the Plan. The Plan's executive committee then collects rate contributions from or pays rate equalization rebates to the various participants. Participation in the Plan is limited to counties that can meet the Plan's selection criteria. The firm of Comp Management, Inc. provides administrative, cost control, and actuarial services to the Plan. Each year, the County pays an enrollment fee to the Plan to cover the costs of administering the Plan. The County may withdraw from the Plan if written notice is provided sixty days prior to the prescribed application deadline of the Ohio Bureau of Workers' Compensation. However, the participant is not relieved of the obligation to pay any amounts owed to the Plan prior to withdrawal, and any participant leaving the Plan allows representatives of the Plan to access loss experience for three years following the last year of participation. The County's contribution to the pool for 2018 was \$53,877.

**Noble County, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2018**

**Note 21 - Jointly Governed Organizations**

***A. Southeastern Ohio Joint Solid Waste Management District***

The County is a member of the Southeastern Ohio Joint Solid Waste Management District, which is a jointly governed organization involving Noble, Muskingum, Guernsey, Morgan, Monroe and Washington counties. The purpose of the District is to plan and implement comprehensive and environmentally sound solid waste management facilities and provide for the establishment of waste minimization, waste reduction, and recycling programs. The District was created in 1989, as required by the Ohio Revised Code.

The Southeastern Ohio Joint Solid Waste Management District is governed and operated through three groups. An eighteen member board of directors, comprised of three commissioners from each County, is responsible for the District's financial matters. Financial records are maintained by the County and the District. The Board exercises total control over the operations of the District including budgeting, appropriating, contracting, and designating management. Each participant's degree of control is limited to its representation on the Board. The District's sole revenue source is a waste disposal fee for in-district waste. A forty-three member policy committee, comprised of seven members from each county and one at-large member appointed by the policy committee, is responsible for preparing the solid waste management plan of the District in conjunction with a Technical Advisory Council whose members are appointed by the policy committee. No contributions were received from the County during 2018.

***B. Mental Health and Recovery Services Board***

The Mental Health and Recovery Services Board is a jointly governed organization whose participants are Muskingum, Coshocton, Guernsey, Perry, Morgan, and Noble Counties. The Board has the responsibility for development, coordinated continuation and ongoing modernization, funding, monitoring, and evaluation of community-based mental health and substance abuse programming. The Board is managed by an eighteen member board of trustees; three appointed by the Muskingum County Commissioners, seven appointed by the commissioners of the other participating counties, four by the director of the State Department of Alcohol and Drug Addiction, and four appointed by the Director of the State Department of Mental Health. The Board exercises total control over the operations including budgeting, appropriating, contracting, and designating management. Each participant's degree of control is limited to its representation on the Board.

During 2018, Noble County contributed \$265,979 in tax levy revenue money through a .70 mill levy. The remaining revenues are provided by levies from other member counties, and state and federal grants awarded to the multi-county board. Muskingum County serves as fiscal agent for the Board. Continued existence of the Board is not dependent on the County's continued participation and no equity interest exists. The Board has no outstanding debt.

**Noble County, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2018**

***C. Guernsey-Monroe-Noble Community Action Corporation (GMN)***

The Guernsey-Monroe-Noble Community Action Corporation is a non-profit corporation organized to plan, conduct and coordinate programs designed to combat social and economic problems and to help eliminate conditions of poverty within Guernsey, Monroe and Noble counties. The agency is governed by an eighteen member board which consists of two commissioners or their appointees from each county, two individuals from the private sector from each county, and two low income individuals elected by each county. The six business owners are nominated by other local business owners and the six low income individuals are nominated at a public meeting of the local Neighborhood Service Center Policy Advisory Committee. The agency received federal and state monies which are applied for and received by, and in the name of, the Board of Directors. Continued existence of the Community Action Agency is not dependent upon the County's continued participation, nor does the County have an equity interest in the agency. The agency is not accumulating significant financial resources and is not experiencing fiscal distress that may cause an additional financial benefit to or burden on the County. The agency administers the operations of the Senior Citizens Center. During 2018, \$172,947 in Senior Citizens Levy money was received on behalf of the elderly residents of Noble County.

***D. Buckeye Hills - Hocking Valley Regional Developmental District***

The District serves as the Area Agency on Aging for Noble, Athens, Hocking, Meigs, Morgan, Monroe, Perry, and Washington Counties. The District was created to foster a cooperative effort in regional planning, programming, and implementing plans and programs. The District is governed by a fifteen-member Board of Directors. The Board is comprised of one County Commissioner from each county, one member from the City of Athens, one member from the City of Marietta, four at-large members appointed from the ten government members, and one member from the minority sector. The Board exercises total control over the operations of the District including budgeting, appropriating, contracting, and designating management. Each participant's degree of control is limited to its representation on the Board. Noble County's annual cash contribution during 2018 was \$1,965. The local contribution is based on the County's formal resolution of cooperation with the district and the 2010 census.

***E. Oakview Juvenile Residential Center***

The Oakview Juvenile Residential Center is a jointly governed organization among Monroe, Belmont, Harrison, Guernsey, Jefferson, and Noble Counties. The Center was formed to operate a regional juvenile rehabilitation facility for the use of member counties, and to house and treat adjudicated non-violent felony offenders. The facility is operated and managed by Oakview Juvenile Residential Center. The participating entities created a Judicial Rehabilitation Board the members of which are made-up of the juvenile judges of each participating county. The Board exercises total control of the budgeting, appropriating, contracting, and designating management. Each County's degree of control is limited to its representation on the Board. A twelve member Advisory Board has been created whose members are appointed by the Judicial Rehabilitation Board of which all participating Counties have two appointees. The facility is located on property now owned by Belmont County. Policies, procedures and the operating budget are approved by the Judicial Rehabilitation Board.

**Noble County, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2018**

***F. Ohio Valley Employment Resource (OVER)***

The Ohio Valley Employment Resource is a jointly governed organization whereby the three county commissioners from Noble, Monroe, Morgan, and Washington Counties serve on the governing board. The Ohio Valley Employment Resource was formed for the purpose of creating and providing employment and training programs in response to local need, a part of which is implementation of the Workforce Investment Act, P.L. 105-220. The continued existence of the Ohio Valley Employment is not dependent on the County's continued participation and no equity interest exists. The Ohio Valley Employment Resource has no outstanding debt.

**Note 22 - Related Organizations**

***A. Noble County Metropolitan Housing Authority***

The Noble County Metropolitan Housing Authority is a nonprofit organization established to provide adequate public housing for low income individuals and was created pursuant to State statutes. The Authority is operated by a five member board. Two members are appointed by the largest municipality in the County, one member is appointed by the probate court judge, one member is appointed by the common pleas court judge, and one member is appointed by the County commissioners. The Authority receives funding from the Federal Department of Housing and Urban Development. The board sets its own budget and selects its own management, and the County is not involved in the management or operation. The County is not financially accountable for the Authority.

***B. Noble County Airport Authority***

The Noble County Airport Authority was created in 1967. The Authority leases property from the State of Ohio, on which an airport is operated. The Authority is governed by a five-member Board. The original Board was appointed by the Noble County Commissioners, and the Commissioners approve members to fill vacancies upon recommendation of the current Authority Board. The Authority derives its revenues from hanger rental, state and federal grants received directly by the Authority, interest, and a minimal contribution from the County. The County is not financially accountable for the Authority; the County cannot impose its will on the Authority; and no financial benefit/burden relationship exists between the County and the Authority.

**Note 23 - Contingent Liabilities**

The County has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. Based on prior experience, the County Commissioners believe such disallowances, if any, will be immaterial.

***Special Investigation***

The Auditor of State is conducting a special investigation. As of the date of this report, the investigation is ongoing. The results of the investigation will be reported on at a later date.

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**Noble County, Ohio**  
**Required Supplementary Information**  
**Schedule of the County's Proportionate Share of the Net Pension Asset**  
**Ohio Public Employees Retirement System - Combined Plan**  
**2018 (1)**

|   | 2018       |
|---|------------|
| County's Proportion of the Net Pension Asset  | 0.0080500% |
| County's Proportionate Share of the Net Pension Asset   | \$10,958   |
| County's Covered Payroll  | \$32,969   |
| County's Proportionate Share of the Net Pension Asset<br>as a Percentage of its Covered Payroll | -33.24%    |
| Plan Fiduciary Net Position as a Percentage of the<br>Total Pension Asset                       | 137.28%    |

(1) Amounts for the combined plan are not presented prior to 2018 as the County's participation in this plan was considered immaterial in previous years.

Amounts presented for each year were determined as of the County's measurement date which is the prior year end.

See accompanying notes to the basic financial statements

**Noble County, Ohio**  
**Required Supplementary Information**  
**Schedule of the County's Proportionate Share of the Net Pension Liability**  
**Ohio Public Employees Retirement System - Traditional Plan**  
**Last Five Years (1)**

|  | 2018        | 2017        | 2016        | 2015        | 2014        |
|--|-------------|-------------|-------------|-------------|-------------|
| County's Proportion of the Net Pension Liability   | 0.038933%   | 0.037318%   | 0.036571%   | 0.035320%   | 0.037318%   |
| County's Proportionate Share of the Net Pension Liability  | \$6,107,833 | \$8,474,282 | \$6,334,558 | \$4,259,987 | \$4,163,768 |
| County's Covered Payroll   | \$4,999,205 | \$4,688,383 | \$4,433,709 | \$4,218,321 | \$4,119,237 |
| County's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll | 122.18%     | 180.75%     | 142.87%     | 100.99%     | 101.08%     |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability                       | 84.66%      | 77.25%      | 81.08%      | 86.45%      | 86.36%      |

(1) Although this schedule is intended to reflect information for ten years, information prior to 2014 is not available. An additional column will be added each year.

Amounts presented for each year were determined as of the County's measurement date which is the prior year end.

See accompanying notes to the basic financial statements



**Noble County, Ohio**  
**Required Supplementary Information**  
**Schedule of the County's Proportionate Share of the Net OPEB Liability**  
**Ohio Public Employees Retirement System - OPEB Plan**  
**Last Two Years (1)**

|  | <u>2018</u> | <u>2017</u> |
|--|-------------|-------------|
| County's Proportion of the Net OPEB Liability  | 0.0369500%  | 0.0357600%  |
| County's Proportionate Share of the Net OPEB Liability   | \$4,012,498 | \$3,611,881 |
| County's Covered Payroll   | \$5,095,224 | \$4,819,233 |
| County's Proportionate Share of the Net OPEB Liability<br>as a Percentage of its Covered Payroll | 78.75%      | 74.95%      |
| Plan Fiduciary Net Position as a Percentage of the<br>Total OPEB Liability                       | 54.14%      | 54.04%      |

(1) Although this schedule is intended to reflect information for ten years, information prior to 2017 is not available. An additional column will be added each year.

Amounts presented for each year were determined as of the County's measurement date which is the prior year end.

See accompanying notes to the basic financial statements

**Noble County, Ohio**  
**Required Supplementary Information**  
**Schedule of County Contributions**  
**Ohio Public Employees Retirement System**  
**Last Six Years (1)**

|  | 2018             | 2017             | 2016             | 2015             | 2014             | 2013             |
|--|------------------|------------------|------------------|------------------|------------------|------------------|
| <b>Net Pension Liability - Traditional Plan</b>                      |                  |                  |                  |                  |                  |                  |
| Contractually Required Contribution                                  | \$751,703        | \$669,268        | \$579,847        | \$547,021        | \$520,425        | \$548,137        |
| Contributions in Relation to the Contractually Required Contribution | <u>(751,703)</u> | <u>(669,268)</u> | <u>(579,847)</u> | <u>(547,021)</u> | <u>(520,425)</u> | <u>(548,137)</u> |
| Contribution Deficiency (Excess)                                     | <u>\$0</u>       | <u>\$0</u>       | <u>\$0</u>       | <u>\$0</u>       | <u>\$0</u>       | <u>\$0</u>       |
| County Covered Payroll   | \$5,215,105      | \$4,999,205      | \$4,688,383      | \$4,433,709      | \$4,218,321      | \$4,119,237      |
| Pension Contributions as a Percentage of Covered Payroll             | 14.00%           | 13.00%           | 12.00%           | 12.00%           | 12.00%           | 13.00%           |
| <b>Net Pension Asset - Combined Plan</b>                             |                  |                  |                  |                  |                  |                  |
| Contractually Required Contribution                                  | \$8,697          | \$4,286          | \$7,626          | \$10,105         | \$10,872         | \$11,192         |
| Contributions in Relation to the Contractually Required Contribution | <u>(8,697)</u>   | <u>(4,286)</u>   | <u>(7,626)</u>   | <u>(10,105)</u>  | <u>(10,872)</u>  | <u>(11,192)</u>  |
| Contribution Deficiency (Excess)                                     | <u>\$0</u>       | <u>\$0</u>       | <u>\$0</u>       | <u>\$0</u>       | <u>\$0</u>       | <u>\$0</u>       |
| County Covered Payroll   | \$62,121         | \$32,969         | \$63,550         | \$84,208         | \$90,600         | \$86,092         |
| Pension Contributions as a Percentage of Covered Payroll             | 14.00%           | 13.00%           | 12.00%           | 12.00%           | 12.00%           | 13.00%           |
| <b>Net OPEB Liability - OPEB Plan (2)</b>                            |                  |                  |                  |                  |                  |                  |
| Contractually Required Contribution                                  | \$2,572          | \$52,844         | \$97,730         |                  |                  |                  |
| Contributions in Relation to the Contractually Required Contribution | <u>(2,572)</u>   | <u>(52,844)</u>  | <u>(97,730)</u>  |                  |                  |                  |
| Contribution Deficiency (Excess)                                     | <u>\$0</u>       | <u>\$0</u>       | <u>\$0</u>       |                  |                  |                  |
| County Covered Payroll (3)   | \$5,341,526      | \$5,095,224      | \$4,819,233      |                  |                  |                  |
| OPEB Contributions as a Percentage of Covered Payroll                | 0.05%            | 1.04%            | 2.03%            |                  |                  |                  |

(1) Although this schedule is intended to reflect information for ten years, information prior to 2013 is not available for traditional and combined plans. An additional column will be added each year.

(2) Although this schedule is intended to reflect information for ten years, information prior to 2016 is not available for the OPEB plan.

(3) The OPEB plan includes the members from the traditional plan, the combined plan, and the member directed plan. The member directed plan is a defined contribution pension plan; therefore, the pension side is not included above.

See accompanying notes to the basic financial statements

**Noble County, Ohio**  
**Notes to the Required Supplementary Information**  
**For the Year Ended December 31, 2018**

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**Changes in Assumptions - OPERS Pension**

Amounts reported beginning in 2017 incorporate changes in assumptions used by OPERS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in 2016 and prior are presented below:

|  | 2017  | 2016 and prior   |
|--|---|--|
| Wage Inflation                               | 3.25 percent  | 3.75 percent   |
| Future Salary Increases, including inflation | 3.25 to 10.75 percent including wage inflation            | 4.25 to 10.05 percent including wage inflation           |
| COLA or Ad Hoc COLA:                         |   |  |
| Pre-January 7, 2013 Retirees                 | 3 percent, simple   | 3 percent, simple  |
| Post-January 7, 2013 Retirees                | 3 percent, simple through 2018, then 2.15 percent, simple | 3 percent, simple through 2018, then 2.8 percent, simple |
| Investment Rate of Return                    | 7.5 percent   | 8 percent  |
| Actuarial Cost Method                        | Individual Entry Age                                      | Individual Entry Age                                     |

Amounts reported beginning in 2017 use mortality rates based on the RP-2014 Healthy Annuitant mortality table. For males, Healthy Annuitant Mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015. For females, Healthy Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

Amounts reported for 2016 and prior use mortality rates based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

**Changes in Assumptions - OPERS OPEB**

For 2018, the single discount rate changed from 4.23 percent to 3.85 percent.

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NOBLE COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2018

| FEDERAL GRANTOR<br><i>Pass-Through Grantor</i><br>Program/Cluster Title         | Federal<br>CFDA<br>Number | Pass-Through<br>Entity Identifying<br>Number | Total<br>Federal<br>Expenditures |
|---|---------------------------|--|----------------------------------|
| <b>U.S. DEPARTMENT OF AGRICULTURE</b>   |                           |  |                                  |
| <b><i>Passed Through Ohio Department of Job and Family Services</i></b>         |                           |  |                                  |
| SNAP Cluster:   |                           |  |                                  |
| State Administrative Matching Grant for the Supplemental Assistance Program     | 10.561                    | G-1819-11-5787                               | \$87,540                         |
| Total SNAP Cluster  |                           |  | <u>87,540</u>                    |
| <b><i>Passed Through Ohio Department of Natural Resources</i></b>               |                           |  |                                  |
| Forest Service Schools and Roads Cluster:                                       |                           |  |                                  |
| Schools and Roads - Grants to States  | 10.665                    | N/A  | 1,075                            |
| Total Forest Service Schools and Roads Cluster                                  |                           |  | <u>1,075</u>                     |
| Total U.S. Department of Agriculture  |                           |  | 88,615                           |
| <b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>                         |                           |  |                                  |
| <b><i>Passed Through Ohio Development Services Agency</i></b>                   |                           |  |                                  |
| Community Development Block Grant - State's Program                             | 14.228                    | B-C-18-1CD-1                                 | 3,383                            |
| Total U.S. Department of Housing and Urban Development                          |                           |  | 3,383                            |
| <b>U.S. DEPARTMENT OF INTERIOR</b>  |                           |  |                                  |
| <b><i>Passed Through Ohio Department of Natural Resources</i></b>               |                           |  |                                  |
| Payment in Lieu of Taxes  | 15.226                    | N/A  | 569                              |
| National Forest Acquired Lands  | 15.438                    | N/A  | 2,199                            |
| Total U.S. Department of Interior   |                           |  | 2,768                            |
| <b>U.S. DEPARTMENT OF JUSTICE</b>   |                           |  |                                  |
| <b><i>Passed Through Ohio Attorney General</i></b>                              |                           |  |                                  |
| Crime Victim Assistance   | 16.575                    | 2018-VOCA-109857751                          | 1,984                            |
|   |                           | 2018-VOCA-109857743                          | 28,537                           |
|   |                           | 2019-VOCA-132133304                          | 641                              |
|   |                           | 2019-VOCA-132131746                          | 7,198                            |
| Total Crime Victim Assistance   |                           |  | <u>38,360</u>                    |
| Total U.S. Department of Justice  |                           |  | 38,360                           |
| <b>U.S. DEPARTMENT OF LABOR</b>   |                           |  |                                  |
| <b><i>Passed Through Ohio Department of Workforce Investment Act Area 7</i></b> |                           |  |                                  |
| WIOA Cluster:   |                           |  |                                  |
| WIOA Adult Programs   | 17.258                    | N/A  | 76,638                           |
| WIOA Youth Activities   | 17.259                    | N/A  | 52,335                           |
| WIOA Dislocated Workers   | 17.278                    | N/A  | 25,495                           |
| Total WIOA Cluster  |                           |  | <u>154,468</u>                   |
| Total U.S. Department of Labor  |                           |  | 154,468                          |
| <b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>                             |                           |  |                                  |
| <b><i>Passed Through Ohio Department of Developmental Disabilities</i></b>      |                           |  |                                  |
| Social Services Block Grant   | 93.667                    | N/A  | 12,041                           |
| <b><i>Passed Through Ohio Department of Job and Family Services</i></b>         |                           |  |                                  |
| Promoting Safe and Stable Families  | 93.556                    | G-1819-11-5787                               | 12,189                           |
| TANF Cluster:   |                           |  |                                  |
| Temporary Assistance for Needy Families   | 93.558                    | G-1819-11-5787                               | 805,702                          |
| Total TANF Cluster  |                           |  | <u>805,702</u>                   |
| Child Support Enforcement   | 93.563                    | G-1819-11-5787                               | 126,635                          |
| CCDF Cluster:   |                           |  |                                  |
| Child Care and Development Block Grant  | 93.575                    | G-1819-11-5787                               | 8,650                            |
| Total CCDF Cluster  |                           |  | <u>8,650</u>                     |
| Child Welfare Services State Grant  | 93.645                    | G-1819-11-5787                               | 33,779                           |
| Foster Care - Title IV-E  | 93.658                    | G-1819-11-5787                               | 276,981                          |
| Adoption Assistance   | 93.659                    | G-1819-11-5787                               | 14,918                           |
| Social Services Block Grant   | 93.667                    | G-1819-11-5787                               | 205,670                          |
| Children's Health Insurance Program   | 93.767                    | G-1819-11-5787                               | 7,988                            |

NOBLE COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2018  
(Continued)

| FEDERAL GRANTOR<br><i>Pass-Through Grantor</i><br>Program/Cluster Title      | Federal<br>CFDA<br>Number | Pass-Through<br>Entity Identifying<br>Number | Total<br>Federal<br>Expenditures |
|--|---------------------------|--|----------------------------------|
| <b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)</b>              |                           |  |                                  |
| <i>Passed Through Ohio Department of Job and Family Services (Continued)</i> |                           |  |                                  |
| Medical Assistance Program Cluster:  |                           |  |                                  |
| Medical Assistance Program   | 93.778                    | G-1819-11-5787                               | 168,292                          |
| Total Medical Assistance Program Cluster:                                    |                           |  | <u>168,292</u>                   |
| Total U.S. Department of Health and Human Services                           |                           |  | 1,672,845                        |
| <b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>                                  |                           |  |                                  |
| <i>Passed Through Ohio Emergency Management Agency</i>                       |                           |  |                                  |
| Emergency Management Performance Grants                                      | 97.042                    | EMC-2017-EP-00006-S01                        | 22,155                           |
|  |                           | EMC-2018-EP-00008-S01                        | 23,905                           |
| Total Emergency Management Performance Grants                                |                           |  | <u>46,060</u>                    |
| Total U.S. Department of Homeland Security                                   |                           |  | <u>46,060</u>                    |
| <b>Total Expenditures of Federal Awards</b>                                  |                           |  | <b><u><u>\$2,006,499</u></u></b> |

*The accompanying notes are an integral part of this Schedule.*

**NOBLE COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR 200.510(b)(6)  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Noble County (the County) under programs of the federal government for the year ended 2018. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the County.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

**NOTE C – INDIRECT COST RATE**

The County has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE D - COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) and HOME INVESTMENT PARTNERSHIPS PROGRAM (HOME) GRANT PROGRAMS with REVOLVING LOAN CASH BALANCE**

The current cash balance on the County's local program income account as of December 31, 2018 is \$39,846.48.

**NOTE E - MATCHING REQUIREMENTS**

Certain Federal programs require the County to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The County has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

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# OHIO AUDITOR OF STATE KEITH FABER



53 Johnson Road  
The Plains, Ohio 45780-1231  
(740) 594-3300 or (800) 441-1389  
SoutheastRegion@ohioauditor.gov

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Noble County  
200 Courthouse Square  
Caldwell, Ohio 43724

To the Board of County Commissioners:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Noble County, Ohio (the County), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated September 26, 2019, wherein we noted the County adopted new accounting guidance in Governmental Accounting Standard Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the County's internal control. Accordingly, we have not opined on it.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the County's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

***Compliance and Other Matters***

As part of reasonably assuring whether the County's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

September 26, 2019

# OHIO AUDITOR OF STATE KEITH FABER



53 Johnson Road  
The Plains, Ohio 45780-1231  
(740) 594-3300 or (800) 441-1389  
SoutheastRegion@ohioauditor.gov

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Noble County  
200 Courthouse Square  
Caldwell, Ohio 43724

To the Board of Commissioners:

### ***Report on Compliance for Each Major Federal Program***

We have audited Noble County's, Ohio (the County), compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect each of the County's major federal programs for the year ended December 31, 2018. The *Summary of Auditor's Results* in the accompanying Schedule of Findings identifies the County's major federal programs.

### ***Management's Responsibility***

The County's management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### ***Auditor's Responsibility***

Our responsibility is to opine on the County's compliance for each of the County's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on each of the County's major programs. However, our audit does not provide a legal determination of the County's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, Noble County complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended December 31, 2018.

***Report on Internal Control Over Compliance***

The County's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the County's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the County's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

September 26, 2019

NOBLE COUNTY  
 SCHEDULE OF FINDINGS  
 2 CFR § 200.515  
 DECEMBER 31, 2018

**1. SUMMARY OF AUDITOR'S RESULTS**

|                     |  |  |
|---------------------|--|--|
| <i>(d)(1)(i)</i>    | Type of Financial Statement Opinion  | Unmodified                                 |
| <i>(d)(1)(ii)</i>   | Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?  | No   |
| <i>(d)(1)(ii)</i>   | Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?   | No   |
| <i>(d)(1)(iii)</i>  | Was there any reported material noncompliance at the financial statement level (GAGAS)?  | No   |
| <i>(d)(1)(iv)</i>   | Were there any material weaknesses in internal control reported for major federal programs?  | No   |
| <i>(d)(1)(iv)</i>   | Were there any significant deficiencies in internal control reported for major federal programs?   | No   |
| <i>(d)(1)(v)</i>    | Type of Major Programs' Compliance Opinion   | Unmodified                                 |
| <i>(d)(1)(vi)</i>   | Are there any reportable findings under 2 CFR § 200.516(a)?  | No   |
| <i>(d)(1)(vii)</i>  | Major Programs (list): <ul style="list-style-type: none"> <li>• Temporary Assistance for Needy Families Cluster, CFDA #93.558</li> <li>• Foster Care, Title IV-E , CFDA #93.658</li> </ul> |  |
| <i>(d)(1)(viii)</i> | Dollar Threshold: Type A/B Programs  | Type A: > \$ 750,000<br>Type B: all others |
| <i>(d)(1)(ix)</i>   | Low Risk Auditee under 2 CFR § 200.520?  | No   |

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
 REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

None

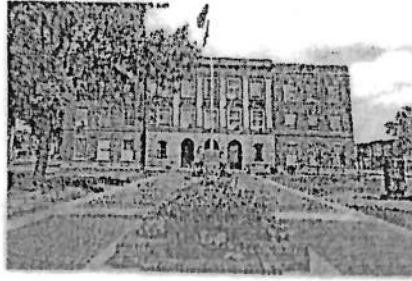
**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None

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# Noble County Auditor

## Peggy Davis



**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**2 CFR 200.511(b)**  
**DECEMBER 31, 2018**

| <b>Finding Number</b> | <b>Finding Summary</b>  | <b>Status</b>  | <b>Additional Information</b>           |
|-----------------------|---|--|---|
| 2017-001              | Finding for Recovery issued in the amount of \$2,032 for a Job and Family Services employee paid severance for her entire unused sick leave balance instead of one half of her unused sick leave balance. | Corrective Action Taken and Finding is Fully Corrected | Finding was repaid under the 2017 audit |

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OHIO AUDITOR OF STATE  
**KEITH FABER**



**NOBLE COUNTY**

**CLERK'S CERTIFICATION**

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
OCTOBER 22, 2019**