



Dave Yost • Auditor of State



**NOBLE COUNTY**  
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# Dave Yost • Auditor of State

## 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, 2012, 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 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.

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### **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, 2012, and the respective changes in financial position and, where applicable, cash flows, thereof and the respective budgetary comparisons for the General, Job and Family Services, Motor Vehicle and Gasoline Tax, and Developmental Disabilities Funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

As described in Note 3 to the financial statements, during the year ended December, 31, 2012, the County adopted the provisions of Governmental Accounting Standards Board Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and Statement No. 65, *Items Previously Reported as Assets and Liabilities*. 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*, 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 Federal Awards Expenditures Schedule (the Schedule) presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations 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 Schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the Schedule 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 Schedule 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 16, 2013, 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.



**Robert R. Hinkle, CPA**  
Deputy Auditor

Columbus, Ohio

September 16, 2013

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**Financial Condition  
Noble County  
Management's Discussion and Analysis  
For the Year Ended December 31, 2012**

Management's Discussion and Analysis (MD&A) provides the reader with a narrative and analysis of the County of Noble, Ohio's (the County) financial activities for the year ended December 31, 2012. 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 2012 are as follows:

- The assets of Noble County exceeded its liabilities at the close of the year ended December 31, 2012, by \$38,862,030 (net position). Of this amount, \$3,329,911 may be used to meet the County's ongoing obligations to citizens and creditors.
- The County's total net position increased by \$1,876,461 from the total net position at the beginning of the year 2012.
- At the end of the current year, the County reported unrestricted net position for governmental activities of \$2,318,543.
- At the end of the current year, the County's governmental funds reported a combined ending fund balance of \$7,586,768, an increase of \$1,243,643 from the prior year. Of this amount, \$820,291 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 \$838,949, which represents 25 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 a detailed outline of specific activities.

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.

**Financial Condition  
Noble County  
Management's Discussion and Analysis  
For the Year Ended December 31, 2012**

**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.

***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 2012?" 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, 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. Fund financial reports provide detailed information about the most significant funds, not the County as a whole. The County uses many funds to account for a multitude of financial transactions. However, these 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, 2012**

**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 2012 compared to 2011:

**Financial Condition  
Noble County  
Management's Discussion and Analysis  
For the Year Ended December 31, 2012**

Table 1  
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
<b>Assets</b>						
Current and Other Assets	\$13,232,152	\$11,975,818	\$1,015,145	\$280,989	\$14,247,297	\$12,256,807
Capital Assets	23,774,490	23,517,907	5,125,079	5,240,341	28,899,569	28,758,248
Total Assets	<u>37,006,642</u>	<u>35,493,725</u>	<u>6,140,224</u>	<u>5,521,330</u>	<u>43,146,866</u>	<u>41,015,055</u>
<b>Liabilities</b>						
Long-Term Liabilities	(866,499)	(945,336)	(226,009)	(238,225)	(1,092,508)	(1,183,561)
Other Liabilities	<u>(623,402)</u>	<u>(648,055)</u>	<u>(3,777)</u>	<u>(59,817)</u>	<u>(627,179)</u>	<u>(707,872)</u>
Total Liabilities	<u>(1,489,901)</u>	<u>(1,593,391)</u>	<u>(229,786)</u>	<u>(298,042)</u>	<u>(1,719,687)</u>	<u>(1,891,433)</u>
<b>Deferred Inflows of Resources</b>						
Property Taxes not Levied to Finance Current Year Operations	<u>(2,565,149)</u>	<u>(2,138,053)</u>	<u>0</u>	<u>0</u>	<u>(2,565,149)</u>	<u>(2,138,053)</u>
<b>Net Position</b>						
Net Investment in Capital Assets	23,463,894	23,115,254	4,899,070	4,951,566	28,362,964	28,066,820
Restricted	7,169,155	7,419,259	0	0	7,169,155	7,419,259
Unrestricted	<u>2,318,543</u>	<u>1,227,768</u>	<u>1,011,368</u>	<u>271,722</u>	<u>3,329,911</u>	<u>1,499,490</u>
Total Net Position	<u>\$32,951,592</u>	<u>\$31,762,281</u>	<u>\$5,910,438</u>	<u>\$5,223,288</u>	<u>\$38,862,030</u>	<u>\$36,985,569</u>

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 exceeded liabilities and deferred inflows of resources by \$38,862,030 (\$32,951,592 in governmental activities and \$5,910,438 in business-type activities) as of December 31, 2012. 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 (73.0 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 (18.4 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of net position is unrestricted (8.6 percent) which may be used to meet the County's ongoing obligations to its citizens and creditors.

The County's total net position increased 5 percent or \$1,876,461 during 2012. However, the change in the separate components of net position is more prevalent in unrestricted net assets of business-type activities, an increase of \$739,646. This change is a result of an increase in intergovernmental receivable. The County has seen an increase in sales tax and charges for services revenues due to the local oil and gas industry.

**Financial Condition**  
**Noble County**  
**Management's Discussion and Analysis**  
**For the Year Ended December 31, 2012**

Table 2 shows the changes in net position for 2012, compared to the changes in net position for 2011:

Table 2  
Change in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program Revenues						
Charges for Services	\$2,171,871	\$1,999,041	\$101,152	\$39,646	\$2,273,023	\$2,038,687
Operating Grants, Contributions and Interest	5,561,536	6,658,662	0	0	5,561,536	6,658,662
Capital Grants and Contributions	314,459	32,517	858,354	164,425	1,172,813	196,942
Total Program Revenues	<u>8,047,866</u>	<u>8,690,220</u>	<u>959,506</u>	<u>204,071</u>	<u>9,007,372</u>	<u>8,894,291</u>
General Revenues						
Property Taxes	2,487,936	2,168,011	0	0	2,487,936	2,168,011
Sales Taxes	1,390,954	1,108,326	0	0	1,390,954	1,108,326
Intergovernmental	456,059	368,914	0	0	456,059	368,914
Investment Earnings	113,890	133,268	0	0	113,890	133,268
Miscellaneous	725,963	249,475	0	0	725,963	249,475
Total General Revenues	<u>5,174,802</u>	<u>4,027,994</u>	<u>0</u>	<u>0</u>	<u>5,174,802</u>	<u>4,027,994</u>
Total Revenues	<u>13,222,668</u>	<u>12,718,214</u>	<u>959,506</u>	<u>204,071</u>	<u>14,182,174</u>	<u>12,922,285</u>
Program Expenses						
General Government						
Legislative and Executive	2,058,441	1,893,245	0	0	2,058,441	1,893,245
Judicial	509,564	517,454	0	0	509,564	517,454
Public Safety	1,703,894	1,482,335	0	0	1,703,894	1,482,335
Public Works	3,410,488	3,501,949	0	0	3,410,488	3,501,949
Health	1,212,473	1,028,516	0	0	1,212,473	1,028,516
Human Services	2,420,910	2,812,038	0	0	2,420,910	2,812,038
Economic Development and Assistance	408,199	390,099	0	0	408,199	390,099
Economic Development and Assistance - External Portion	280,061	693,094	0	0	280,061	693,094
Interest and Fiscal Charges	29,327	34,752	0	0	29,327	34,752
Sewer	0	0	272,356	505,514	272,356	505,514
Total Expenses	<u>12,033,357</u>	<u>12,353,482</u>	<u>272,356</u>	<u>505,514</u>	<u>12,305,713</u>	<u>12,858,996</u>
Change in Net Position	1,189,311	364,732	687,150	(301,443)	1,876,461	63,289
Net Position						
Beginning of Year	<u>31,762,281</u>	<u>31,397,549</u>	<u>5,223,288</u>	<u>5,524,731</u>	<u>36,985,569</u>	<u>36,922,280</u>
Net Position End of Year	<u>\$32,951,592</u>	<u>\$31,762,281</u>	<u>\$5,910,438</u>	<u>\$5,223,288</u>	<u>\$38,862,030</u>	<u>\$36,985,569</u>

**Financial Condition  
Noble County  
Management's Discussion and Analysis  
For the Year Ended December 31, 2012**

**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 2009 election. Property and sales taxes made up 30 percent of revenues for governmental activities for Noble County in the year 2012.

The largest Governmental Activities program expenses are public works and human services, which comprises 28 percent and 20 percent, respectively, of expenses. Each program expense remained relatively consistent from the prior year showing the County is trying to maintain expenses within allowable resources. The largest change was in the economic development and assistance program which showed a decrease relating to the activities of the community development block grants program. In the prior year, this program was awarded additional grant funding leading to additional expenses. Interest expense during fiscal year 2012 was \$29,327 and was attributable to the outstanding bonds for jail construction and capital leases for the purchase of equipment.

**Business-Type Activities**

The net position for business-type activities increased \$687,150 during 2012. Capital grants and contributions from intergovernmental receivables increased from the prior year.

The Statement of Activities shows the cost of program services and the charges for services, grants, and contributions 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.

Table 3

	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2012	2012	2011	2011
General Government				
Legislative and Executive	\$2,058,441	\$813,680	\$1,893,245	\$970,918
Judicial	509,564	256,494	517,454	313,175
Public Safety	1,703,894	1,158,270	1,482,335	767,125
Public Works	3,410,488	(216,694)	3,501,949	190,348
Health	1,212,473	894,687	1,028,516	778,610
Human Services	2,420,910	511,146	2,812,038	448,622
Economic Development and Assistance	688,260	538,581	1,083,193	159,712
Interest and Fiscal Charges	29,327	29,327	34,752	34,752
Total Expenses	<u>\$12,033,357</u>	<u>\$3,985,491</u>	<u>\$12,353,482</u>	<u>\$3,663,262</u>

**Financial Condition  
Noble County  
Management's Discussion and Analysis  
For the Year Ended December 31, 2012**

Operating grants, contributions, and interest (69 percent) are the primary source of program revenues, whereas property taxes (48 percent) are the primary source of general revenues. The County's dependence upon tax revenues for the shortfall in program revenues is apparent. The net cost of \$813,680 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 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 program to provide general revenue for the implementation of this health program in the County.

**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 \$838,949 with a total fund balance of \$2,107,474. Unassigned fund balance represents 25 percent of expenditures. This is one measurement of the General Fund's liquidity. The fund balance of the General Fund increased by \$975,002. This is the result of the upswing in the local economy as a result of the oil and gas industry within in the County.

The Job and Family Services Special Revenue Fund balance increased by \$50,189. This minimal change shows the County's success in keeping expenditures in line with current revenue streams.

The Motor Vehicle and Gasoline Tax Special Revenue Fund balance decreased by \$10,099 from 2011. This decrease is primarily the result of a decrease in shared revenues used in road and bridge maintenance.

The Developmental Disabilities Special Revenue Fund balance decreased by only \$69,574. This change reflects this fund's continued efforts in keeping expenditures in line with current year revenue streams.

*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, 2012, the net position for the County's enterprise fund was \$5,910,438. Of that total, \$1,011,368 represents unrestricted net position that is available for spending at the County's discretion.

**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 2012 the County's original budget was amended several times but not significant in total.

**Financial Condition  
Noble County  
Management's Discussion and Analysis  
For the Year Ended December 31, 2012**

For the General Fund, final budgeted revenue estimates were \$1,011,901 lower than actual results. This was due to the uncertainty of the effect of oil and gas leases throughout the County and the associated transfer and conveyance revenue from this activity.

The County's General Fund ending unobligated cash balance was \$1,483,413 above the final budgeted amounts primarily due to conservative estimates for sales taxes, direct charges to users for services, and miscellaneous revenue.

**Capital Assets and Debt Administration**

**Capital Assets**

The County's capital assets for governmental and business-type activities as of December 31, 2012, were \$28,899,569 (net of accumulated depreciation). This includes land, buildings and improvements, machinery, equipment, furniture and fixtures, vehicles, and infrastructure. Table 4 shows fiscal year 2012 balances compared to 2011 after accumulated depreciation of \$9,659,156 and \$9,200,974, respectively:

Table 4  
Capital Assets  
(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$794,086	\$794,086	\$12,500	\$12,500	\$806,586	\$806,586
Construction in Progress	0	291,743	0	0	0	291,743
Gravel Roads/Bases	12,530,356	12,530,356	0	0	12,530,356	12,530,356
Buildings and Improvements	2,905,644	2,595,197	0	0	2,905,644	2,595,197
Machinery, Equipment, Furniture and Fixtures	845,132	855,866	0	0	845,132	855,866
Vehicles	286,350	222,190	0	0	286,350	222,190
Infrastructure	6,412,922	6,228,469	5,112,579	5,227,841	11,525,501	11,456,310
<b>Total Capital Assets</b>	<b>\$23,774,490</b>	<b>\$23,517,907</b>	<b>\$5,125,079</b>	<b>\$5,240,341</b>	<b>\$28,899,569</b>	<b>\$28,758,248</b>

For governmental activities, major capital asset additions during 2012 included work on the County's roads and bridges. For business-type activities, the net decrease in book value amounts from the prior year results from current year depreciation. See Note 11 for more detailed information on the County's capital assets.



**Financial Condition  
Noble County  
Management's Discussion and Analysis  
For the Year Ended December 31, 2012**

**Debt**

At December 31, 2012 the County had \$536,605 in outstanding long-term debt with \$102,278 due within one year. Table 5 outlines the long-term debt held by the County during 2012 and 2011.

Table 5  
Long-Term Debt

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
General Obligation Bonds	\$300,000	\$400,000	\$0	\$0	\$300,000	\$400,000
Capital Leases	10,596	2,653	0	0	10,596	2,653
OWDA Loan	0	0	226,009	238,225	226,009	238,225
<b>Total Long-Term Debt</b>	<b>\$310,596</b>	<b>\$402,653</b>	<b>\$226,009</b>	<b>\$238,225</b>	<b>\$536,605</b>	<b>\$640,878</b>

The 1996 Jail Construction Bonds were originally issued in the amount of \$2,000,000 for the purpose of constructing a jail facility. The debt is being retired through the Jail Bond Retirement Debt Service Fund by a levy passed in May, 1996. The capital lease was issued during 2012 in the amount of \$14,370 for the purchase of equipment to be used for emergency management purposes. The OWDA Loan was issued during 2009 through 2012 for the purpose of planning, designing, and construction of a sanitary sewer line. See Note 18 for more detailed information on the County's debt. In addition to the above debt, the County is presenting a long-term liability for 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.

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**Noble County, Ohio**  
**Statement of Net Position**  
**December 31, 2012**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$7,130,887	\$116,677	\$7,247,564
Cash and Cash Equivalents with Fiscal Agents	5,302	0	5,302
Materials and Supplies Inventory	215,267	0	215,267
Accounts Receivable	11,634	48,016	59,650
Internal Balance	(53)	53	0
Prepaid Items	64,526	399	64,925
Sales Taxes Receivable	384,714	0	384,714
Property Taxes Receivable	2,923,272	0	2,923,272
Intergovernmental Receivable	2,485,020	850,000	3,335,020
Loans Receivable	11,583	0	11,583
Non-Depreciable Capital Assets	13,324,442	12,500	13,336,942
Depreciable Capital Assets, Net	10,450,048	5,112,579	15,562,627
<i>Total Assets</i>	<u>37,006,642</u>	<u>6,140,224</u>	<u>43,146,866</u>
<b>Liabilities</b>			
Accrued Wages and Benefits	147,243	1,166	148,409
Matured Compensated Absences	12,031	0	12,031
Intergovernmental Payable	241,165	2,156	243,321
Accounts Payable	148,660	455	149,115
Contracts Payable	72,759	0	72,759
Accrued Interest Payable	1,544	0	1,544
Long-Term Liabilities:			
Due Within One Year	264,376	0	264,376
Due In More Than One Year	602,123	226,009	828,132
<i>Total Liabilities</i>	<u>1,489,901</u>	<u>229,786</u>	<u>1,719,687</u>
<b>Deferred Inflows of Resources</b>			
Property Taxes not Levied to Finance Current Year Operations	2,565,149	0	2,565,149
<b>Net Assets</b>			
Net Investment in Capital Assets	23,463,894	4,899,070	28,362,964
Restricted for:			
Debt Service	220,153	0	220,153
Public Assistance	34,841	0	34,841
Motor Vehicle Registration	2,525,726	0	2,525,726
Developmental Disabilities	916,182	0	916,182
Community Development	505,816	0	505,816
Real Estate Assessment	553,520	0	553,520
Court Corrections	308,070	0	308,070
Ambulance Services	917,083	0	917,083
Other Purposes	1,187,764	0	1,187,764
Unrestricted	2,318,543	1,011,368	3,329,911
<i>Total Net Position</i>	<u>\$32,951,592</u>	<u>\$5,910,438</u>	<u>\$38,862,030</u>

See accompanying notes to the basic financial statements

**Noble County, Ohio**  
**Statement of Activities**  
**For the Year Ended December 31, 2012**

	Program Revenues			Net (Expense) Revenue and Change in Net Position			
	Expenses	Charges for Services	Operating Grants, Contributions, and Interest	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities:</b>							
General Government:							
Legislative and Executive	\$2,058,441	\$1,238,005	\$6,756	\$0	(\$813,680)	\$0	(\$813,680)
Judicial	509,564	203,866	49,204	0	(256,494)	0	(256,494)
Public Safety	1,703,894	296,514	249,110	0	(1,158,270)	0	(1,158,270)
Public Works	3,410,488	71,587	3,241,136	314,459	216,694	0	216,694
Health	1,212,473	35,467	282,319	0	(894,687)	0	(894,687)
Human Services	2,420,910	326,432	1,583,332	0	(511,146)	0	(511,146)
Economic Development and Assistance	408,199	0	123,117	0	(285,082)	0	(285,082)
Economic Development and Assistance - External Portion	280,061	0	26,562	0	(253,499)	0	(253,499)
Interest and Fiscal Charges	29,327	0	0	0	(29,327)	0	(29,327)
<i>Total Governmental Activities</i>	<u>12,033,357</u>	<u>2,171,871</u>	<u>5,561,536</u>	<u>314,459</u>	<u>(3,985,491)</u>	<u>0</u>	<u>(3,985,491)</u>
<b>Business-Type Activities:</b>							
Sewer	272,356	101,152	0	858,354	0	687,150	687,150
<i>Total Business-Type Activities</i>	<u>272,356</u>	<u>101,152</u>	<u>0</u>	<u>858,354</u>	<u>0</u>	<u>687,150</u>	<u>687,150</u>
<i>Total Primary Government</i>	<u>\$12,305,713</u>	<u>\$2,273,023</u>	<u>\$5,561,536</u>	<u>\$1,172,813</u>	<u>(3,985,491)</u>	<u>687,150</u>	<u>(3,298,341)</u>
<b>General Revenues</b>							
Property Taxes Levied for General Purposes					846,688	0	846,688
Property Taxes Levied for:							
Public Works					308,876	0	308,876
Health					795,151	0	795,151
Human Services					401,608	0	401,608
Debt Service					135,613	0	135,613
Sales Taxes Levied for General Purposes					1,390,954	0	1,390,954
Grants and Entitlements not Restricted to Specific Programs					456,059	0	456,059
Investment Earnings					113,890	0	113,890
Miscellaneous					725,963	0	725,963
<i>Total General Revenues</i>					<u>5,174,802</u>	<u>0</u>	<u>5,174,802</u>
<i>Change in Net Position</i>					1,189,311	687,150	1,876,461
Net Position Beginning of Year					<u>31,762,281</u>	<u>5,223,288</u>	<u>36,985,569</u>
<i>Net Position End of Year</i>					<u>\$32,951,592</u>	<u>\$5,910,438</u>	<u>\$38,862,030</u>

See accompanying notes to the basic financial statements

**Noble County, Ohio  
Balance Sheet  
Governmental Funds  
December 31, 2012**

	General	Job and Family Services	Motor Vehicle and Gasoline Tax	Developmental Disabilities	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Equity in Pooled Cash and Cash Equivalents	\$1,812,983	\$228,931	\$1,094,442	\$836,126	\$3,043,998	\$7,016,480
Cash and Cash Equivalents with Fiscal Agents	0	0	0	5,302	0	5,302
Sales Tax Receivable	384,714	0	0	0	0	384,714
Materials and Supplies Inventory	29,772	570	181,160	900	2,865	215,267
Accounts Receivable	2,604	0	0	0	9,030	11,634
Intergovernmental Receivable	268,458	43,723	1,539,042	78,549	555,248	2,485,020
Interfund Receivable	127,024	50,627	0	0	3,363	181,014
Prepaid Items	7,706	8,193	3,219	6,752	38,656	64,526
Property Taxes Receivable	1,002,625	0	0	466,291	1,454,356	2,923,272
Loans Receivable	0	0	0	0	11,583	11,583
Restricted Cash and Cash Equivalents	114,407	0	0	0	0	114,407
<i>Total Assets</i>	<u>\$3,750,293</u>	<u>\$332,044</u>	<u>\$2,817,863</u>	<u>\$1,393,920</u>	<u>\$5,119,099</u>	<u>\$13,413,219</u>

**Liabilities and Fund Balances**

**Liabilities**

Accounts Payable	\$38,429	\$9,457	\$57,279	\$6,200	\$37,295	\$148,660
Accrued Wages Payable	50,226	29,963	47,660	3,873	15,521	147,243
Contracts Payable	10,145	0	0	0	62,614	72,759
Matured Compensated Absences	0	12,031	0	0	0	12,031
Interfund Payable	0	73,253	53	0	107,761	181,067
Intergovernmental Payable	98,052	29,854	38,648	41,283	33,328	241,165
<i>Total Liabilities</i>	<u>196,852</u>	<u>154,558</u>	<u>143,640</u>	<u>51,356</u>	<u>256,519</u>	<u>802,925</u>

**Deferred Inflows of Resources**

Property Taxes not Levied to Finance Current Year Operations	877,864	0	0	412,612	1,274,673	2,565,149
Unavailable Revenue	568,103	45,915	1,042,832	105,191	696,336	2,458,377
<i>Total Deferred Inflows of Resources</i>	<u>1,445,967</u>	<u>45,915</u>	<u>1,042,832</u>	<u>517,803</u>	<u>1,971,009</u>	<u>5,023,526</u>

**Fund Balances**

Nonspendable	151,885	8,763	184,379	7,652	53,104	405,783
Restricted	0	122,808	1,447,012	817,109	2,857,125	5,244,054
Committed	48,635	0	0	0	0	48,635
Assigned	1,068,005	0	0	0	0	1,068,005
Unassigned (Deficit)	838,949	0	0	0	(18,658)	820,291
<i>Total Fund Balances</i>	<u>2,107,474</u>	<u>131,571</u>	<u>1,631,391</u>	<u>824,761</u>	<u>2,891,571</u>	<u>7,586,768</u>
<i>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</i>	<u>\$3,750,293</u>	<u>\$332,044</u>	<u>\$2,817,863</u>	<u>\$1,393,920</u>	<u>\$5,119,099</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.	23,774,490
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Other long-term assets are not available to pay for current-period expenditures and, therefore, deferred in the funds:

Property Taxes Receivable	358,123	
Sales Tax Receivable	167,956	
Accounts Receivable	118,851	
Intergovernmental Receivables	1,813,447	
Total Other Long-Term Assets		2,458,377

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	(300,000)	
Compensated Absences	(555,903)	
Capital Leases Payable	(10,596)	
Accrued Interest Payable	(1,544)	
Total Long-Term Liabilities		(868,043)

Net Position of Governmental Activities

\$32,951,592

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, 2012**

	General	Job and Family Services	Motor Vehicle and Gasoline Tax	Developmental Disabilities	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>						
Property Taxes	\$803,554	\$0	\$0	\$394,515	\$1,213,217	\$2,411,286
Sales Taxes	1,324,420	0	0	0	0	1,324,420
Charges for Services	1,103,805	377,327	0	0	669,057	2,150,189
Licenses and Permits	3,380	0	0	0	30	3,410
Fines and Forfeitures	67,343	0	12,428	0	25,304	105,075
Intergovernmental	463,908	1,148,526	3,177,984	203,505	1,719,833	6,713,756
Interest	113,890	0	16,144	1,929	465	132,428
Rent	11,919	0	0	0	0	11,919
Contributions and Donations	2,519	0	0	0	36,221	38,740
Other	426,624	64,006	104,441	8,600	115,398	719,069
<i>Total Revenues</i>	<u>4,321,362</u>	<u>1,589,859</u>	<u>3,310,997</u>	<u>608,549</u>	<u>3,779,525</u>	<u>13,610,292</u>
<b>Expenditures</b>						
Current:						
General Government:						
Legislative and Executive	1,661,407	0	0	0	260,267	1,921,674
Judicial	430,469	0	0	0	67,442	497,911
Public Safety	1,058,028	0	0	0	565,135	1,623,163
Public Works	0	0	3,328,096	0	140,137	3,468,233
Health	54,378	0	0	678,028	467,701	1,200,107
Human Services	128,746	1,559,228	0	0	740,385	2,428,359
Economic Development and Assistance	0	0	0	0	506,056	506,056
Capital Outlay	0	0	0	0	328,829	328,829
Intergovernmental	0	0	0	0	280,061	280,061
Debt Service:						
Principal Retirement	0	0	0	0	106,427	106,427
Interest and Fiscal Charges	0	0	0	0	30,265	30,265
<i>Total Expenditures</i>	<u>3,333,028</u>	<u>1,559,228</u>	<u>3,328,096</u>	<u>678,028</u>	<u>3,492,705</u>	<u>12,391,085</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>988,334</u>	<u>30,631</u>	<u>(17,099)</u>	<u>(69,479)</u>	<u>286,820</u>	<u>1,219,207</u>
<b>Other Financing Sources (Use)</b>						
Proceeds from the Sale of Capital Assets	3,066	0	7,000	0	0	10,066
Inception of Capital Lease	0	0	0	0	14,370	14,370
Transfers In	69,113	20,316	0	0	65,195	154,624
Transfers Out	(85,511)	(758)	0	(95)	(68,260)	(154,624)
<i>Total Other Financing Sources (Use)</i>	<u>(13,332)</u>	<u>19,558</u>	<u>7,000</u>	<u>(95)</u>	<u>11,305</u>	<u>24,436</u>
<i>Net Change in Fund Balances</i>	975,002	50,189	(10,099)	(69,574)	298,125	1,243,643
Fund Balances at Beginning of Year	<u>1,132,472</u>	<u>81,382</u>	<u>1,641,490</u>	<u>894,335</u>	<u>2,593,446</u>	<u>6,343,125</u>
<i>Fund Balances at End of Year</i>	<u>\$2,107,474</u>	<u>\$131,571</u>	<u>\$1,631,391</u>	<u>\$824,761</u>	<u>\$2,891,571</u>	<u>\$7,586,768</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, 2012**

**Net Change in Fund Balances - Governmental Funds** \$1,243,643

*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 exceeded depreciation in the current period:

Capital Asset Additions	963,489	
Current Year Depreciation	(574,922)	
Total	388,567	388,567

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 gain and loss from the disposal of assets.

Loss on disposal of capital assets	(138,984)	
Gain on sale of capital assets	7,000	
Total	(131,984)	(131,984)

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

Property Taxes	76,650	
Sales Taxes	66,534	
Charges for Services	(114,967)	
Miscellaneous	3,828	
Intergovernmental	(422,735)	
Total	(390,690)	(390,690)

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	100,000	
Capital Leases	6,427	
Total	106,427	106,427

Interest is reported as an expenditure when due in the governmental funds, but is accrued on outstanding debt on the statement of activities. 938

Inception of capital lease is reported as an other financing source, but the inception increases long-term liabilities on the statement of net position. (14,370)

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. (13,220)

**Change in Net Position of Governmental Activities** **\$1,189,311**

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, 2012**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b>Revenues</b>				
Property Taxes	\$706,800	\$678,420	\$783,756	\$105,336
Sales Taxes	1,050,000	1,106,125	1,286,993	180,868
Charges for Services	795,055	792,125	1,118,935	326,810
Licenses and Permits	0	2,260	3,380	1,120
Fines and Forfeitures	60,025	60,000	67,338	7,338
Intergovernmental	294,686	338,939	435,458	96,519
Interest	125,000	125,000	117,514	(7,486)
Rent	10,000	10,000	11,904	1,904
Contributions and Donations	0	0	2,519	2,519
Other	40,050	131,050	428,023	296,973
<i>Total Revenues</i>	<u>3,081,616</u>	<u>3,243,919</u>	<u>4,255,820</u>	<u>1,011,901</u>
<b>Expenditures</b>				
Current:				
General Government:				
Legislative and Executive	2,134,300	1,937,365	1,727,925	209,440
Judicial	460,921	525,429	452,362	73,067
Public Safety	962,381	1,108,415	1,060,064	48,351
Other	0	3,650	23,405	(19,755)
Health	28,950	78,162	58,266	19,896
Human Services	139,626	156,912	128,526	28,386
<i>Total Expenditures</i>	<u>3,726,178</u>	<u>3,809,933</u>	<u>3,450,548</u>	<u>359,385</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(644,562)</u>	<u>(566,014)</u>	<u>805,272</u>	<u>1,371,286</u>
<b>Other Financing Sources (Uses)</b>				
Proceeds from the Sale of Capital Assets	1,500	1,500	3,066	1,566
Advances In	0	0	26,200	26,200
Transfers In	53,125	0	69,113	69,113
Advances Out	0	0	(36,835)	(36,835)
Transfers Out	(128,094)	(137,594)	(85,511)	52,083
<i>Total Other Financing Sources (Uses)</i>	<u>(73,469)</u>	<u>(136,094)</u>	<u>(23,967)</u>	<u>112,127</u>
<i>Net Change in Fund Balance</i>	(718,031)	(702,108)	781,305	1,483,413
Fund Balance at Beginning of Year	878,481	878,481	878,481	0
Prior Year Encumbrances Appropriated	<u>45,542</u>	<u>45,542</u>	<u>45,542</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$205,992</u>	<u>\$221,915</u>	<u>\$1,705,328</u>	<u>\$1,483,413</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, 2012**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Charges for Services	\$193,088	\$340,088	\$343,032	\$2,944
Intergovernmental	1,633,742	1,728,110	1,102,167	(625,943)
Contributions & Donations	42,000	42,000	0	(42,000)
Other	617,288	428,288	66,682	(361,606)
<i>Total Revenues</i>	<u>2,486,118</u>	<u>2,538,486</u>	<u>1,511,881</u>	<u>(1,026,605)</u>
<b>Expenditures</b>				
Current:				
Human Services	2,275,213	2,357,581	1,582,899	774,682
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>210,905</u>	<u>180,905</u>	<u>(71,018)</u>	<u>(251,923)</u>
<b>Other Financing Source (Use)</b>				
Transfers In	23,376	53,376	20,316	(33,060)
Transfers Out	0	0	(758)	(758)
<i>Total Other Financing Source (Use)</i>	<u>23,376</u>	<u>53,376</u>	<u>19,558</u>	<u>(33,818)</u>
<i>Net Change in Fund Balance</i>	234,281	234,281	(51,460)	(285,741)
Fund Balance at Beginning of Year	257,508	257,508	257,508	0
Prior Year Encumbrances Appropriated	20,213	20,213	20,213	0
<i>Fund Balance at End of Year</i>	<u>\$512,002</u>	<u>\$512,002</u>	<u>\$226,261</u>	<u>(\$285,741)</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, 2012**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Fines and Forfeitures	\$11,000	\$11,000	\$12,411	\$1,411
Intergovernmental	3,183,000	3,183,000	3,181,274	(1,726)
Interest	19,000	19,000	16,995	(2,005)
Other	88,000	88,000	103,449	15,449
<i>Total Revenues</i>	<u>3,301,000</u>	<u>3,301,000</u>	<u>3,314,129</u>	<u>13,129</u>
<b>Expenditures</b>				
Current:				
Public Works	4,380,127	4,380,127	3,648,514	731,613
<i>Excess of Revenues Over (Under) Expenditures</i>	(1,079,127)	(1,079,127)	(334,385)	744,742
<b>Other Financing Source</b>				
Proceeds from Sale of Capital Assets	0	0	7,000	7,000
<i>Net Change in Fund Balance</i>	(1,079,127)	(1,079,127)	(327,385)	751,742
Fund Balance at Beginning of Year	836,136	836,136	836,136	0
Prior Year Encumbrances Appropriated	242,991	242,991	242,991	0
<i>Fund Balance at End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$751,742</u>	<u>\$751,742</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, 2012**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Property Taxes	\$334,250	\$297,133	\$378,549	\$81,416
Intergovernmental	44,950	82,067	176,468	94,401
Interest	0	0	1,929	1,929
Other	0	0	8,600	8,600
<i>Total Revenues</i>	<u>379,200</u>	<u>379,200</u>	<u>565,546</u>	<u>186,346</u>
<b>Expenditures</b>				
Current:				
Health	<u>824,165</u>	<u>824,165</u>	<u>650,049</u>	<u>174,116</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(444,965)	(444,965)	(84,503)	360,462
<b>Other Financing Source</b>				
Transfers Out	<u>0</u>	<u>0</u>	<u>(95)</u>	<u>(95)</u>
<i>Net Change in Fund Balance</i>	(444,965)	(444,965)	(84,598)	360,367
Fund Balance at Beginning of Year	893,180	893,180	893,180	0
Prior Year Encumbrances Appropriated	<u>26</u>	<u>26</u>	<u>26</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$448,241</u>	<u>\$448,241</u>	<u>\$808,608</u>	<u>\$360,367</u>

See accompanying notes to the basic financial statements

**Noble County, Ohio**  
**Statement of Fund Net Position**  
**Proprietary Fund**  
**December 31, 2012**

	Business-Type Activity Sewer
<b>Assets</b>	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	\$116,677
Accounts Receivable	48,016
Intergovernmental Receivable	850,000
Interfund Receivable	53
Prepaid Items	399
<i>Total Current Assets</i>	1,015,145
Noncurrent Assets:	
Non-Depreciable Capital Assets	12,500
Depreciable Capital Assets, Net	5,112,579
<i>Total Noncurrent Assets</i>	5,125,079
<i>Total Assets</i>	6,140,224
<b>Liabilities</b>	
Current Liabilities:	
Accrued Wages and Benefits	1,166
Intergovernmental Payable	2,156
Accounts Payable	455
<i>Total Current Liabilities</i>	3,777
Long-Term Liabilities (Net of Current Portion):	
OWDA Loans Payable	226,009
<i>Total Liabilities</i>	229,786
<b>Net Position</b>	
Net Investment in Capital Assets	4,899,070
Unrestricted	1,011,368
<i>Total Net Position</i>	\$5,910,438

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, 2012**

	Business-Type Activity Sewer
<b>Operating Revenues</b>	
Charges for Services	\$101,152
<b>Operating Expenses</b>	
Personal Services	13,997
Contractual Services	136,101
Materials and Supplies	6,996
Depreciation	115,262
<i>Total Operating Expenses</i>	<i>272,356</i>
<i>Operating Loss before Contributions</i>	<i>(171,204)</i>
Capital Contributions from Grants	850,000
Capital Contributions from Customers	8,354
<i>Change in Net Position</i>	<i>687,150</i>
Net Position Beginning of Year	5,223,288
<i>Net Position End of Year</i>	<i>\$5,910,438</i>

See accompanying notes to the basic financial statements

**Noble County, Ohio**  
**Statement of Cash Flows**  
**Proprietary Fund**  
**For the Year Ended December 31, 2012**

	Business-Type Activity
	Sewer
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	
<b>Cash Flows from Operating Activities</b>	
Cash Received from Customers	\$91,536
Cash Payments for Employee Services and Benefits	(12,243)
Cash Payments for Goods and Services	(172,669)
<i>Net Cash Used for Operating Activities</i>	(93,376)
<b>Cash Flows from Capital and Related Financing Activities</b>	
Tap In Fees	53,319
Proceeds from Capital Grants	67,217
Principal Paid on OWDA Loans	(67,533)
Proceeds from OWDA Loans	55,317
<i>Net Cash Provided by Capital and Related Financing Activities</i>	108,320
<i>Net Increase in Cash and Cash Equivalents</i>	14,944
Cash and Cash Equivalents Beginning of Year	101,733
<i>Cash and Cash Equivalents End of Year</i>	\$116,677
<b>Reconciliation of Operating Loss to Net Cash Used for Operating Activities</b>	
Operating Loss	(\$171,204)
Adjustment:	
Depreciation	115,262
Changes in Assets and Liabilities:	
Increase in Accounts Receivable	(9,563)
Increase in Interfund Receivable	(53)
Decrease in Intergovernmental Receivable	29,621
Increase in Prepaid Items	(399)
Increase in Accounts Payable	(5,283)
Decrease in Contracts Payable	(48,897)
Increase in Accrued Wages and Benefits	958
Decrease in Retainage Payable	(1,653)
Decrease in Interfund Payable	(1,000)
Decrease in Intergovernmental Payable	(1,165)
<i>Net Cash Used for Operating Activities</i>	(93,376)

See accompanying notes to the basic financial statements

**Noble County, Ohio**  
**Statement of Fiduciary Assets and Liabilities**  
**Agency Funds**  
**December 31, 2012**

<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$2,577,872
Cash and Cash Equivalents in Segregated Accounts	54,380
Accounts Receivable	164,418
Property Taxes Receivable	8,680,271
Intergovernmental Receivable	<u>1,209,942</u>
<i>Total Assets</i>	<u><u>\$12,686,883</u></u>
<b>Liabilities</b>	
Intergovernmental Payable	\$11,124,208
Deposits Held and Due to Others	117,959
Undistributed Monies	<u>1,444,716</u>
<i>Total Liabilities</i>	<u><u>\$12,686,883</u></u>

See accompanying notes to the basic financial statements

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**Financial Condition  
Noble County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2012**

**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 County utilizes Governmental Accounting Standards Board Statement 14 for determining the 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 otherwise 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 for which the County approves the budget, the levying of taxes, or the issuance of debt.

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

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 nor are they fiscally dependent on the County. Accordingly, the activity of the following districts and agencies will be presented as agency funds within the County's financial statements.

**Financial Condition**  
**Noble County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2012**  
**(Continued)**

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's First Council accounts for State and Federal grant revenue and expenditures. The Noble County Department of Job and Family Services served as administrating agent from January 1, 2012 through June 30, 2012 and the Noble County Health District served as administrating agent from July 1, 2012 through December 31, 2012, 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 21, 22, and 23 to the basic financial statements. These organizations are:

Buckeye Joint-County Self-Insurance Council  
County Commissioners Association of Ohio Workers' Compensation Group Rating Plan  
South East 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)  
Mid Eastern Ohio Regional Council of Governments (MEORC)  
Noble County Metropolitan Housing Authority  
Noble County Airport Authority

**Financial Condition**  
**Noble County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2012**  
**(Continued)**

**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 County also applies Financial Accounting Standards Board (FASB) statements and interpretations entered into on or before November 30, 1989, to its governmental and business-type activities and to its proprietary funds unless those pronouncements conflict with or contradict GASB pronouncements. The County has elected not to apply Financial Accounting Standards Board (FASB) statements and interpretations entered into after November 30, 1989, to its enterprise funds and business-type activities. 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 governmental program 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.

**Financial Condition**  
**Noble County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2012**  
**(Continued)**

***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.

***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 liabilities is reported as fund balance. The following are the County's major governmental funds:

***General Fund*** The General 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 used 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 the expenditures related to the developmentally disabled. Revenue sources include a county-wide property tax levy and federal and State grants.

The other governmental funds of the County account for grants and other resources whose use is restricted 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 charges 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. The fiduciary fund type focuses solely on agency funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The County's agency funds are primarily established to account for the collection of various taxes, receipts and fees and to account for funds of the Noble County Health Department.

**Financial Condition**  
**Noble County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2012**  
**(Continued)**

***C. Measurement Focus***

***Government-wide Financial Statements*** The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities 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 current liabilities 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 liabilities 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 modified accrual basis of accounting arise in the recognition of revenue, in the recording of deferred 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.

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 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,

**Financial Condition**  
**Noble County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2012**  
**(Continued)**

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.

***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.

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 and unearned revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2012, but which were levied to finance fiscal year 2013 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, intergovernmental grants, and miscellaneous accounts receivable. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. 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.

***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.

***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 may appropriate. The appropriations resolution is the Commissioner's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Commissioners. The legal level of control is at the object level for all funds.

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

**Financial Condition**  
**Noble County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2012**  
**(Continued)**

budgetary statements reflect the amounts on the amended certificate of estimated resources in effect when the final appropriations were passed.

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 Commissioners during the year.

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

To improve cash management, cash received by the County is pooled. Monies for all funds, are maintained in this pool. Individual fund integrity is maintained through the County's records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the financial statements.

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.

During 2012, investments were limited to negotiable certificates of deposit (CDARS) and non-negotiable certificates of deposit.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposit are reported at 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.

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 2012 amounted to \$113,890 which includes \$97,945 assigned from other County funds.

***G. Restricted Assets***

Restricted cash and cash equivalents in the General Fund represent the amount of unclaimed monies not available for appropriation.

***H. Inventory of Supplies***

On the fund and government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expended 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.

**Financial Condition**  
**Noble County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2012**  
**(Continued)**

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, 2012, 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. General capital 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 fair market values as of the date received. The County maintains a capitalization threshold of ten 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. Interest costs incurred during the construction of capital assets utilized by the enterprise funds are also capitalized.

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:

<u>Description</u>	<u>Governmental and Business-Type Activities 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 the implementation of GASB Statement 34.



**Financial Condition**  
**Noble County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2012**  
**(Continued)**

***L. Interfund Balances***

On fund financial statements, receivables and payables resulting from short-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. 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, compensated absences 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 capital leases payable are recognized as a liability in the fund financial statements when due.

***O. 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.

**Financial Condition**  
**Noble County**  
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***P. 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.

***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 or enabling legislation (County resolutions).

Enabling legislation authorizes the County to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the County can be compelled by an external party, such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specific by the legislation.

***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 Commissioners removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by County Commissioners, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. 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. 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.

***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 resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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.

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***Q. Net Position***

Net position represents the difference between assets and liabilities. 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. The County applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

***R. Internal Activity***

Transfers within governmental activities are eliminated on the government-wide statements. Transfers between governmental and business-type activities 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.

***S. 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 2012.

***T. 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.

***U. 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.

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

For 2012, the County has implemented Governmental Accounting Standard Board (GASB) Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements", Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements", Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position", Statement No. 64, "Derivative Instruments: Application of Hedge Accounting Termination Provisions - an amendment of GASB Statement No. 53", Statement No. 65, "Items Previously Reported as Assets and Liabilities", and Statement No. 66, "Technical Corrections – 2012 - an amendment of GASB Statements No. 10 and No. 62".

GASB Statement No. 60 improves financial reporting by addressing issues related to service concession arrangements, which are a type of public-private or public-public partnership. The implementation of this statement did not result in any change in the County's financial statements.

GASB Statement No. 62 incorporates into GASB's authoritative literature certain FASB and AICPA pronouncements issued on or before November 30, 1989. The implementation of this statement did not result in any change in the County's financial statements.

GASB Statement No. 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related note disclosures. These changes were incorporated in the County's 2012 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 64 clarifies whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This Statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. The implementation of this statement did not result in any change in the County's financial statements.

GASB Statement No. 65 properly classifies certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or recognizes certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues). These changes were incorporated in the County's 2012 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 66 resolves conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting and thereby enhance the usefulness of the financial reports. The implementation of this statement did not result in any change in the County's financial statements.

**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 Balances - Budget (Non-GAAP Basis) and

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Actual are presented in the basic financial statements for the General Fund and major special revenue funds. The major differences for those funds between the budget basis and the GAAP basis are that:

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.

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:

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	Net Change in Fund Balances General and Major Special Revenue Funds			
	General	Job and Family Services	Motor Motor Vehicle and Gasoline Tax	Developmental Disabilities
GAAP Basis	\$975,002	\$50,189	(\$10,099)	(\$69,574)
Net Adjustment for Revenue Accruals	(50,827)	(77,978)	3,546	(27,037)
Beginning of the Year:				
Unrecorded Cash	73,845	0	545	0
Agency Fund Cash Allocation	20,899	0	0	16,854
Prepaid Items	24,331	10,821	3,025	4,832
End of the Year:				
Unrecorded Cash	(68,762)	0	(959)	0
Agency Fund Cash Allocation	(40,697)	0	0	(32,820)
Prepaid Items	(7,706)	(8,193)	(3,219)	(6,752)
Net Adjustment for Expenditure Accruals	(21,542)	(23,629)	21,517	29,899
Advances In	26,200	0	0	0
Advances Out	(36,835)	0	0	0
Encumbrances	(112,603)	(2,670)	(341,741)	0
Budget Basis	<u>\$781,305</u>	<u>(\$51,460)</u>	<u>(\$327,385)</u>	<u>(\$84,598)</u>

**Note 5 - Accountability and Compliance**

**A. Accountability**

The following funds had deficit fund balances as of December 31, 2012. These deficits are due to the recognition of payables in accordance with generally accepted accounting principles. The General Fund provides operating transfers for these funds but only as cash is required, not as deficits occur.

Fund Type/Fund	Deficit
Special Revenue Funds:	
Dog and Kennel	\$551
Recycling and Litter Prevention	1,093
Law Library Resource	933

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***B. Compliance***

The following account had expenses plus encumbrances in excess of appropriations contrary to Section 5705.41, Revised Code:

Fund Type/Fund	Excess
General Fund:	
Other	
Other	\$19,755
Special Revenue Funds:	
Job and Family Services	
Transfers Out	758
Developmental Disabilities	
Transfers Out	95
911	
Transfers Out	2,090
Mental Health	
Health	
Contractual Services	195
Jail Bond Retirement Debt Service Fund	
Debt Service	
Interest and Fiscal Charges	214
Sewer Enterprise Fund	
Principal Retirement	55,317

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 the State statute into two categories, active and inactive.

Active monies are public monies determined to be necessary to meet current demand upon the County treasury. Active monies must be maintained as either 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.

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, by surety company bonds deposited with the treasurer by the financial institution, or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Deposits held by the County, which are not considered active, are classified as inactive. Beginning June 15, 2004, 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, Notes, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest

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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 securities entered into 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, Government National Mortgage Association, and Student Loan Marketing 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 that 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 that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or its political subdivisions, provided that such political subdivision are located wholly or partly within the County;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) above, and repurchase agreements secured by such obligations, provided that 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 similar securities or cash, equal value for equal value;
9. Up to twenty-five percent of the County's average portfolio may be 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 rated at the time of purchase, which are rated in the highest qualification 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 and which mature within 270 days after purchase;
  - b. Bankers acceptances eligible for purchase by the federal reserve system and which mature within 180 days after purchase.
10. Fifteen percent of the County's average portfolio may be in notes issued by U.S. corporations or by depository institutions that are doing business under authority granted by the U.S. provided that the notes are rated in the second highest or higher category by at least two nationally recognized standard rating services at the time of purchase and the notes mature within two years from the date of purchase.



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11. 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 consisting exclusively of obligations guaranteed by the United States, securities issued by a federal government agency or instrumentality, and/or highly rated commercial paper.
12. One 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.

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. Bankers' acceptances must mature within 180 days. Commercial paper and corporate notes must mature within 270 days. All other investments must mature within five years from the date of settlement unless matched to a specific obligation or debt of the County. Investments must be purchased with the expectation that they will be held to maturity. 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 qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**Cash on Hand** At year-end, the County had \$300 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, \$7,726,019 of the County's bank balance of \$10,480,784 was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the County to a successful claim by FDIC.

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 and deposited either with the County or a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

**Investments** As of December 31, 2012, 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.

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At December 31, 2012, the County's Developmental Disabilities Special Revenue Fund had a cash balance of \$5,302 with MEORC, a jointly governed organization (see Note 22). The money is held by MEORC in a pooled account which is representative of numerous entities and therefore cannot be classified by risk under GASB Statement No. 3. The classification of cash and cash equivalents and investments for MEORC as a whole may be obtained from their audit report. To obtain financial information, write to the Mid Eastern Ohio Regional Council, Cathy Henthorn, who serves as Associate Director of Business, 160 Columbus Road, Mt. Vernon, Ohio 43050.

**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 2012 for real and public utility property taxes represents collections of 2011 taxes.

2012 real property taxes were levied after October 1, 2012, on the assessed value as of January 1, 2012, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2012 real property taxes are collected in and intended to finance 2013.

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.

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. 2012 public utility property taxes which became a lien December 31, 2011, were levied after October 1, 2012, and are collected in 2013 with real property taxes.

The full tax rate for all County operations for the year ended December 31, 2012, was \$10.45 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2012 property tax receipts were based are as follows:

Real Property	\$201,523,720
Public Utility Personal Property	<u>73,050,550</u>
Total Assessed Value	<u><u>\$274,574,270</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, 2012, and for which there is an enforceable legal claim. In the governmental funds, the portion of the receivable not levied to finance 2012 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.

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**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. The Tax Commissioner shall within forty-five days after the end of each month certify to the Director of Budget and Management the amount of the proceeds of such tax or taxes paid to the Treasurer of State during that month to be returned to the County. The Director then provides for payment to the County Treasurer on or before the twentieth day of the month in which the certification is made. 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, 2012, primarily consisted of taxes, interfund, 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:

<u>Governmental Activities</u>	<u>Amount</u>
Property Tax Allocations	\$125,040
Casino Tax	\$74,578
Local Government Subsidies	119,306
Developmental Disabilities Grants and Subsidies	56,181
MVL Distribution	425,973
Gasoline Excise Tax	1,112,069
Estate Tax Fees	11,865
Community Development Block Grants	342,100
Sheriff Subsidy	1,790
Emergency Management	9,752
Homeland Security	39,468
Subsidy Grants and Allocations	12,213
Hazard Mitigation	15,300
State Victims Assistance	12,594
Cost Allocation	8,279
Public Assistance Grants and Subsidies	43,368
Child Support Enforcement Grants and Subsidies	44,006
Miscellaneous Intergovernmental Receivables	31,138
Total Governmental Activities	<u>2,485,020</u>
<u>Business - Type Activities</u>	
Sewer Grants	850,000
Total Intergovernmental Receivables	<u><u>\$3,335,020</u></u>

Management believes all receivables are fully collectible within one year except for property taxes and loans. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year. Loans Receivable, although ultimately collectible, will not be collected within one year. The County is reflecting a \$11,583 loan receivable in the USDA Rural Business

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Enterprise Special Revenue Fund with \$4,519 to be received during 2013. This is the result of the issuance of several revolving loans that have been issued by the County in the current and previous years.

**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, 2012.

**Note 11 - Capital Assets**

Capital asset activity for the year ended December 31, 2012, was as follows:

	Balance 12/31/2011	Additions	Reductions	Balance 12/31/2012
<b>Governmental Activities</b>				
Non-Depreciable Capital Assets:				
Land	\$794,086	\$0	\$0	\$794,086
Construction in Progress	291,743	97,857	(389,600)	-
Gravel Roads/Bases	12,530,356	0	0	12,530,356
Total Non-Depreciable Capital Assets	<u>13,616,185</u>	<u>97,857</u>	<u>(389,600)</u>	<u>13,324,442</u>
Depreciable Capital Assets:				
Buildings and Improvements	4,143,107	389,600	0	4,532,707
Machinery, Equipment, Furniture and Fixtures	2,519,716	211,370	(119,518)	2,611,568
Vehicles	1,151,032	108,991	(20,265)	1,239,758
Infrastructure	11,173,579	545,271	(224,203)	11,494,647
Total Depreciable Capital Assets	<u>18,987,434</u>	<u>1,255,232</u>	<u>(363,986)</u>	<u>19,878,680</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(1,547,910)	(79,153)	0	(1,627,063)
Machinery, Equipment, Furniture and Fixtures	(1,663,850)	(102,586)	0	(1,766,436)
Vehicles	(928,842)	(44,831)	20,265	(953,408)
Infrastructure	(4,945,110)	(348,352)	211,737	(5,081,725)
Total Accumulated Depreciation	<u>(9,085,712)</u>	<u>(574,922) *</u>	<u>232,002</u>	<u>(9,428,632)</u>
Total Depreciable Capital Assets, Net	<u>9,901,722</u>	<u>680,310</u>	<u>(131,984)</u>	<u>10,450,048</u>
Governmental Capital Assets, Net	<u>\$23,517,907</u>	<u>\$778,167</u>	<u>(\$521,584)</u>	<u>\$23,774,490</u>

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

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General Government:	
Legislative and Executive	\$6,614
Judicial	5,353
Public Safety	79,821
Public Works	464,616
Health	10,743
Human Services	<u>7,775</u>
Total Depreciation Expense	<u><u>\$574,922</u></u>

	<u>Balance</u> <u>12/31/2011</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/2012</u>
<b>Business-Type Activities</b>				
Non-Depreciable Capital Assets:				
Land	<u>\$12,500</u>	<u>\$0</u>	<u>\$0</u>	<u>\$12,500</u>
Depreciable Capital Assets:				
Infrastructure	<u>5,343,103</u>	<u>0</u>	<u>0</u>	<u>5,343,103</u>
Less Accumulated Depreciation:				
Infrastructure	<u>(115,262)</u>	<u>(115,262)</u>	<u>0</u>	<u>(230,524)</u>
Total Depreciable Capital Assets, Net	<u>5,227,841</u>	<u>(115,262)</u>	<u>0</u>	<u>5,112,579</u>
Governmental Capital Assets, Net	<u><u>\$5,240,341</u></u>	<u><u>(\$115,262)</u></u>	<u><u>\$0</u></u>	<u><u>\$5,125,079</u></u>

**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 2012 the County contracted with the Buckeye Joint-County Self-Insurance Council (a public entity risk pool - See Note 21) for liability, auto, and crime insurance. This organization is a cost-sharing pool. Coverage provided by the program is as follows:

<u>Basic Contribution</u>	<u>Coverage Limits/Aggregate</u>	<u>Deductible</u>
Blanket Buildings and Personal Property	\$16,413,089	\$1,000
Legal Liability Real Property	1,000,000	1,000
Business Income with Extra Expense	1,000,000	1,000
Boiler and Machinery	16,413,089	1,000/10,000
Inland Marine	1,659,536	1,000
Electronic Equipment Limit	500,000	1,000
Electronic Media and Extra Expense Limit	5,000	1,000
General Liability	2,000,000	0
Personal and Advertising Injury	2,000,000	0
Each Electronic Data Incident	50,000	0
General Aggregate	4,000,000	0

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Medical Expense Limit – Per Person	10,000	0
Medical Expense Limit Annual Aggregate	50,000	0
Employers Liability - Ohio Stop Gap	2,000,000	0
Employees Benefits Liability	2,000,000/4,000,000	0
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
Ground 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 2012, the County participated in the County Commissioners Association of Ohio Workers' Compensation Group Rating Plan (Plan), an insurance purchasing pool (see Note 21). 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. For the County, a savings of approximately \$17,291 was

**Financial Condition**  
**Noble County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2012**  
**(Continued)**

realized on the annual premium cost. 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.

The County pays all elected official bonds by state statute.

**Note 13 - Defined Benefit Pension Plans**

Plan Description - The County participates 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 in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, 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 statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units and 18.1 percent of covered payroll for law enforcement and public safety employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10 percent of covered payroll for members in state and local divisions and 12 percent for law enforcement and public safety members. For the year ended December 31, 2012, members in State and local divisions contributed 10 percent of covered payroll while public safety and law enforcement members contributed 11.5 percent and 12.1 percent, respectively. Effective January 1, 2013, the member contribution rates for public safety and law enforcement increased to 12 percent and 12.6 percent, respectively. While members in the State and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan. For 2012, member and employer contribution rates were consistent across all three plans.

The County's 2012 contribution rate was 14 percent, except for those plan members in law enforcement or public safety, for whom the County's contribution was 18.1 percent of covered payroll. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. The portion of employer contribution allocated to health care for members in the Traditional Plan was 4

**Financial Condition**  
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**(Continued)**

percent for 2012. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent for 2012. Employer contributions rates are actuarially determined.

The County's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2012, 2011, and 2010 were \$424,465, \$451,766, and \$333,033 respectively. For 2012, 89 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2011 and 2010. Contributions to the Member-Directed Plan for 2012 were \$613 made by the County and \$438 made by the plan members.

**Note 14 - Postemployment Benefits**

Plan Description - 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 plan for qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. The plan includes a medical plan, a prescription drug program, and Medicare Part B premium reimbursement.

In order to qualify for post-employment health care coverage, age and service retirees under the Traditional Pension and Combined Plans must have ten or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not mandate, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

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

Funding Policy - The post-employment health care plan was established under, and is administered in accordance with, Internal Revenue Code 401 (h). The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2012, State and local government employers contributed at a rate of 14 percent of covered payroll, 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.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4 percent for 2012. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent for



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**Noble County**  
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**(Continued)**

2012. Effective January 1, 2013, the portion of employer contributions allocated to healthcare was lowered to 1 percent for both plans, as recommended by the OPERS Actuary.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment health care plan.

The County's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2012, 2011, and 2010 were \$165,179, \$175,801 and \$215,492 respectively. For 2012, 89 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2011 and 2010.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing on January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

**Note 15 - 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 accumulation is limited to 120 days. Upon retirement or death, an employee can be paid from twenty-five to fifty percent of accumulated, unused sick leave. As of December 31, 2012 the liability for compensated absences was \$555,903 for the entire County.

**Note 16 - Capital Leases - Lessee Disclosure**

In prior years, the County has entered into a capitalized lease for a copier. During 2012, the County paid this copier off and traded it in on a new leased copier to be used by the emergency management department. This lease meets the criteria of a capital lease which is defined as transferring benefits and risks of ownership to the lessee. Capital lease payments are reflected as debt service expenditures in the basic financial statements for the governmental funds.

The asset acquired by a lease has been capitalized in the government-wide statements governmental activities in the amount of \$14,370, which is equal to the present value of the future minimum lease payments at the time of acquisition. A corresponding liability was recorded in the government-wide statements as part of governmental activities. This governmental activities capitalized leased asset is reflected net of accumulated depreciation in the amount of \$12,211 at December 31, 2012. Principal payments toward all capital leases during 2012 totaled \$6,427 for governmental activities.

Future minimum lease payments through 2017 for governmental activities are as follows:

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**(Continued)**

Year	Principal	Interest
2013	\$2,278	\$521
2014	2,405	394
2015	2,540	259
2016	2,682	117
2017	691	9
Total	<u>\$10,596</u>	<u>\$1,300</u>

**Note 17 - Contractual Commitments**

As of December 31, 2012, the County had a contractual purchase commitment for the following project:

Project	Fund	Purchase Commitments	Amounts Paid as of 12/31/2012	Amounts Remaining on Contracts
2014 Sexennial Reappraisal	Real Estate Assessment	\$188,130	\$0	\$188,130

**Note 18 - Long -Term Obligations**

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

	Outstanding 12/31//2011	Additions	Deletions	Outstanding 12/31//2012	Amounts Due Within One Year
<b>Governmental Activities:</b>					
General Obligation Bonds	\$400,000	\$0	\$100,000	\$300,000	\$100,000
Capital Leases	2,653	14,370	6,427	10,596	2,278
Compensated Absences	542,683	260,342	247,122	555,903	162,098
Total Governmental Activities	<u>945,336</u>	<u>274,712</u>	<u>353,549</u>	<u>866,499</u>	<u>264,376</u>
<b>Business-Type Activities:</b>					
Sewer Project Phase II OWDA Loan - 2009 - 0%	238,225	55,317	67,533	226,009	0
Total Long-Term Obligations	<u>\$1,183,561</u>	<u>\$330,029</u>	<u>\$421,082</u>	<u>\$1,092,508</u>	<u>\$264,376</u>

Governmental Activities

The County's general obligation bonds were issued February 14, 1996 in the original issue amount of \$2,000,000 at a interest rate of 3.95% to 7.08% with a final maturity date of December 2015 for the purpose of constructing a jail facility. The debt is being retired through the Jail Bond Retirement Debt Service Fund by a levy passed in May 1996.

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**(Continued)**

Annual debt service requirements to retire general obligation bonds outstanding at December 31, 2012 are as follows:

Year Ending December 31,	Principal	Interest	Total
2013	\$100,000	\$18,530	\$118,530
2014	100,000	12,830	112,830
2015	100,000	7,080	107,080
Total	<u>\$300,000</u>	<u>\$38,440</u>	<u>\$338,440</u>

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, Real Estate Assessment, Child Support Enforcement Agency, Developmental Disabilities, Motor Vehicle and Gasoline Tax, Subsidy Grant, Noble County Emergency Management Agency, State Victims Advocate, and Dog and Kennel Special Revenue Funds.

**Business-Type Activities**

During 2009 the County was approved for an OWDA Loan to be used for the construction of sanitary sewer projects throughout the County. The cumulative amount of loan proceeds received through December 31, 2012 were \$4,883,923. The majority of this amount was retired from the proceeds of monies received from the American Reinvestment and Recovery Act federal grant. A portion of the original \$244,332 remains outstanding as of December 31, 2012 in the amount of \$226,009.

The County's overall legal debt margin at December 31, 2012 was \$5,608,018.

**Note 19 - Interfund Transactions**

Interfund balances at December 31, 2012 consist of the following individual fund receivables and payables:

Interfund Payable	Interfund Receivable				Totals
	Major Funds			Other Nonmajor Governmental	
	General	Job and Family Services	Sewer		
Major Funds:					
Job and Family Services	\$73,253	\$0	\$0	\$0	\$73,253
Motor Vehicle and Gasoline Tax	0	0	53	0	53
Other Nonmajor Governmental	53,771	50,627	0	3,363	107,761
Total All Funds	<u>\$127,024</u>	<u>\$50,627</u>	<u>\$53</u>	<u>\$3,363</u>	<u>\$181,067</u>

Included in the above balances are short-term advances made from the General Fund to the Dog and Kennel, Litter Control, and Community Development Block Grants Special Revenue Funds in the amounts of \$5,000, \$5,000, and \$26,835, respectively.

Interfund transfers for the year ended December 31, 2012 consisted of the following, as reported on the fund statements:

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Notes to the Basic Financial Statements  
For the Year Ended December 31, 2012  
(Continued)**

Transfer from	Transfer to			Totals
	Major Funds	Job and Family Services	Other Nonmajor Governmental Funds	
General	General	Job and Family Services	Other Nonmajor Governmental Funds	Totals
Major Fund:				
General Fund	\$0	\$20,316	\$65,195	\$85,511
Job and Family Services	758	0	0	758
Developmental Disabilities	95	0	0	95
Other Nonmajor				
Governmental	68,260	0	0	68,260
Total All Funds	<u>\$69,113</u>	<u>\$20,316</u>	<u>\$65,195</u>	<u>\$154,624</u>

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 authorization.

**Note 20 - 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:

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For the Year Ended December 31, 2012  
(Continued)**

		Job and Family Services	Motor Vehicle and Gasoline Tax	Developmental Disabilities	Other Governmental Funds	Total
Fund Balances	General					
Nonspendable:						
Inventory	\$29,772	\$570	\$181,160	\$900	\$2,865	\$215,267
Prepays	7,706	8,193	3,219	6,752	38,656	64,526
Long-Term Receivables	0	0	0	0	11,583	11,583
Unclaimed Monies	114,407	0	0	0	0	114,407
<b>Total Nonspendable</b>	<b>151,885</b>	<b>8,763</b>	<b>184,379</b>	<b>7,652</b>	<b>53,104</b>	<b>405,783</b>
Restricted to:						
Court Corrections	0	0	0	0	338,228	338,228
Roads and Bridges	0	0	1,447,012	0	0	1,447,012
Human Services	0	122,808	0	0	1,050,907	1,173,715
Public Safety	0	0	0	0	154,578	154,578
Developmental Disabilities	0	0	0	817,109	0	817,109
Health	0	0	0	0	13,128	13,128
Mental Health	0	0	0	0	15,295	15,295
Children Services	0	0	0	0	10,508	10,508
Community Development	0	0	0	0	191,109	191,109
Debt Service	0	0	0	0	194,506	194,506
Other Purposes	0	0	0	0	888,866	888,866
<b>Total Restricted</b>	<b>0</b>	<b>122,808</b>	<b>1,447,012</b>	<b>817,109</b>	<b>2,857,125</b>	<b>5,244,054</b>
Committed to:						
Unpaid Obligations	48,635	0	0	0	0	48,635
Assigned to:						
Unpaid Obligations Subsequent Years'	36,033	0	0	0	0	36,033
Appropriations	1,031,972	0	0	0	0	1,031,972
<b>Total Assigned</b>	<b>1,068,005</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,068,005</b>
Unassigned (Deficit)	838,949	0	0	0	(18,658)	820,291
<b>Total Fund Balances</b>	<b>\$2,107,474</b>	<b>\$131,571</b>	<b>\$1,631,391</b>	<b>\$824,761</b>	<b>\$2,891,571</b>	<b>\$7,586,768</b>

**Financial Condition**  
**Noble County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2012**  
**(Continued)**

**Note 21 - Public Entity Risk Pools**

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

The Buckeye Joint-County Self-Insurance Council is an insurance purchasing pool that serves Noble, Hocking, Jackson, Lawrence, Monroe, Morgan, Pike, Vinton and Washington 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 degree of control exercised by any participating government is limited to its representation on the Governing Board. The Governing Board, consisting of a commissioner from each county, annually elects officers which include a President, Vice President, Second Vice President and two Governing Board members. 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 2012, Noble County paid \$87,283 to the Council for coverage.

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

The County is participating in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The County Commissioners Association Service Corporation (CCAOSC) was established through the County Commissioners Association of Ohio (CCAO) as a group purchasing pool.

A group executive committee is responsible for calculating annual rate contributions and rebates, approving the selection of a third party administrator, reviewing and approving proposed third party fees, fees for risk management services and general management fees, determining ongoing eligibility of each participant and performing any other acts and functions which may be delegated to it by the participating employers. The group executive committee consists of seven members. Two members are the president and treasurer of CCAOSC; the remaining five members are representatives of the participants. These five members are elected for the ensuing year by the participants at a meeting held in the month of December each year. No participant can have more than one member of the group executive committee in any year, and each elected member shall be a County Commissioner. The County's contribution to the pool for 2012 was \$88,439.

**Note 22 - Jointly Governed Organizations**

***A. South East Ohio Joint Solid Waste Management District***

The County is a member of the South East Ohio Joint Solid Waste Management District, which is a jointly governed organization involving Noble, Muskingum, Guernsey, Morgan, Monroe and

**Financial Condition**  
**Noble County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2012**  
**(Continued)**

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 South East Ohio Joint Solid Waste Management District is governed and operated through two 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 District. 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. Each participating County's influence is limited to the number of members each appoints to the board. Continued existence of the District is not dependent on the County's continued participation, no equity interest exists, and no debt is outstanding.

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

The Mental Health and Recovery Services Board is a jointly governed organization. Participants are Noble, Muskingum, Coshocton, Guernsey, Perry and Morgan 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 a seventeen member board of trustees; three appointed by the Muskingum County Commissioners, seven appointed by the Commissioners of the other participating counties, three by the Director of 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, including budgeting, appropriating, contracting, and designating management.

During 2012, Noble County contributed \$134,587 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.

***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

**Financial Condition**  
**Noble County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2012**  
**(Continued)**

Senior Citizens Center. During 2012, \$93,923 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 Buckeye Hills - Hocking Valley Regional Development District serves as regional council of governments which is a jointly governed organization created to foster a cooperative effort in regional planning, programming, and the implementing of regional plans and programs. The District is governed by a fourteen member board of directors. The District serves Noble, Athens, Hocking, Meigs, Monroe, Morgan, Perry and Washington Counties. Each participating county appoints one member to the board of directors, the City of Marietta and the City of Athens each appoint one member and the remaining members are private citizens nominated and approved by their respective organizations. The board has total control over budgeting, personnel and all other financial matters. The District receives grant monies directly. The District is not dependent on the County's continued participation and no equity interest exists. The District has no outstanding debt. Noble County's annual cash contribution during 2012 was \$1,465. 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 Noble, Belmont, Harrison, Guernsey, Jefferson and Monroe 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 who determine the policy.

A Board of Trustees has been created whose members are appointed by the juvenile judges of which Belmont and Jefferson Counties have three appointees, Guernsey County has two appointees, and Harrison, Monroe and Noble Counties each have one appointee. The facility is located on property now owned by Belmont County. Policies, procedures and the operating budget are approved by the Judicial Rehabilitation Board. The Board is not dependent upon Noble County for its continued existence, no debt exists, and the County does not have an equity interest in or a financial responsibility for the Board. Noble County does not contribute any monies directly to fund the district.

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

The Ohio Valley Employment Resource is a jointly governed organization whereby the four county commissioners from Monroe, Noble, 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, referred to as "the Act" or "WIA" and those Federal regulations and State legislative acts and regulations which implement the Act. The continued existence of the Ohio Valley Employment Resource is not dependent on the County's continued participation and no equity interest exists. The Ohio Valley Employment Resource has no outstanding debt.



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**Noble County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2012**  
**(Continued)**

***G. Mid Eastern Ohio Regional Council of Governments (MEORC)***

The Mid Eastern Ohio Regional Council of Governments (MEORC) is a jointly governed organization which serves eighteen counties in Ohio. MEORC provides services to the developmentally disabled residents of the participating counties. The Council is made up of the superintendents of each county's Board of Mental Developmental Disabilities. Revenues are generated by fees and state grants. Continued existence of the Council is not dependent on the County's continued participation. The County has no equity interest in, or financial responsibility for the Council. The Council has no outstanding debt.

**Note 23 - 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 24 - 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.

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**FEDERAL AWARDS EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2012**

<b>FEDERAL GRANTOR</b> <i>Pass-Through Grantor</i> Program Title	<b>Pass-through Entity Number</b>	<b>Federal CFDA Number</b>	<b>Expenditures</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<i>Direct Program:</i>			
Rural Business Enterprise Grants	N/A	10.769	\$ 28,500
<i>Passed Through Ohio Department of Job and Family Services:</i>			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	G-1213-11-0092/G-1415-11-5407	10.561	<u>85,700</u>
Total U.S. Department of Agriculture			114,200
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
<i>Passed Through Ohio Department of Development:</i>			
Community Development Block Grants/Entitlement Grants	B-Z-08-038-1	14.218	4,425
<i>Community Development Block Grants - State's Program Cluster:</i>			
Community Development Block Grants - State's Program	B-C-11-1CD-1	14.228	64,387
	B-F-10-1CD-1		214,791
	B-F-11-1CD-1		<u>58,000</u>
			337,178
ARRA - Community Development Block Grants - State's Program	B-R-09-1CD-1	14.255	<u>22,551</u>
Total Community Development Block Grants - State's Program Cluster			359,729
HOME Investment Partnerships Program	B-C-11-1CD-2	14.239	103,097
Economic Development Initiative-Special Project, Neighborhood Initiative and Miscellaneous Grants	B-10-SP-OH-0275	14.251	<u>97,857</u>
Total U.S. Department of Housing and Urban Development			565,108
<b>U.S. DEPARTMENT OF INTERIOR</b>			
<i>Passed Through Ohio Department of Natural Resources:</i>			
Payment in Lieu of Taxes	N/A	15.226	<u>2,093</u>
Total U.S. Department of Interior			2,093
<b>U.S. DEPARTMENT OF LABOR</b>			
<i>Passed Through Workforce Investment Act Area 15:</i>			
<i>Workforce Investment Act (WIA) Cluster:</i>			
WIA Adult Programs	N/A	17.258	81,676
WIA Youth Activities	N/A	17.259	46,281
WIA Youth Activities - Work Experience	N/A		34
Total WIA Youth Activities			<u>46,315</u>
WIA Dislocated Worker Formula Grants	N/A	17.278	<u>58,976</u>
Total Workforce Investment Act Cluster			186,967
Workforce Investment Act (WIA) National Emergency Grants	N/A	17.277	<u>18,685</u>
Total U.S. Department of Labor			205,652
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>			
<i>Passed Through Ohio State Emergency Response Commission</i>			
Interagency Hazardous Materials Public Sector Training and Planning Grants	HM-HMP-0243-11-01-00	20.703	<u>2,682</u>
Total Department of Transportation			2,682
<b>U.S. ELECTION ASSISTANCE COMMISSION</b>			
<i>Passed Through Ohio Secretary of State</i>			
Help America Vote Act Requirements Payments	N/A	90.401	<u>333</u>
Total U.S. Election Assistance Commission			333
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<i>Passed Through Ohio Department of Health</i>			
Special Education - Grants for Infants and Families-Help Me Grow Program	06110021HG0209	84.181	<u>23,224</u>
Total U.S. Department of Education			23,224

FINANCIAL CONDITION  
NOBLE COUNTY

FEDERAL AWARDS EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)

FEDERAL GRANTOR <i>Pass-Through Grantor</i> Program Title	Pass-through Entity Number	Federal CFDA Number	Expenditures
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
<i>Passed Through Ohio Department of Developmental Disabilities:</i>			
ARRA - Medical Assistance Program	EFMAP	93.778	\$ 14
<i>Passed Through Ohio Department of Jobs and Family Services:</i>			
Promoting Safe and Stable Families	G-1213-11-0092/G-1415-11-5407	93.556	32,284
Temporary Assistance for Needy Families	G-1213-11-0092/G-1415-11-5407	93.558	381,947
Child Support Enforcement	G-1213-11-0092/G-1415-11-5407	93.563	128,453
Child Care and Development Block Grant	G-1213-11-0092/G-1415-11-5407	93.575	42,812
Stephanie Tubbs Jones Child Welfare Services Program	G-1213-11-0092/G-1415-11-5407	93.645	17,117
Foster Care - Title IV-E	G-1213-11-0092/G-1415-11-5407	93.658	34,866
Adoption Assistance	G-1213-11-0092/G-1415-11-5407	93.659	24,005
Social Services Block Grant	G-1213-11-0092/G-1415-11-5407	93.667	164,357
Children's Health Insurance Program	G-1213-11-0092/G-1415-11-5407	93.767	225
Medical Assistance Program	G-1213-11-0092/G-1415-11-5407	93.778	<u>167,541</u>
Total U.S. Department of Health and Human Services			993,621
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>			
<i>Passed Through Ohio Emergency Management Agency:</i>			
Emergency Management Performance Grants	EMW-2011-EP-00003-S01 EMW-2012-EP-0004-S01	97.042	17,389 <u>20,766</u>
Total Emergency Management Performance Grants			38,155
Homeland Security Grant Program	2008-GE-T8-0025 2009-SS-T9-0089	97.067	9,525 <u>34,562</u>
Total Homeland Security Grant Program			<u>44,087</u>
Total U.S. Department of Homeland Security			<u>82,242</u>
<b>Total Federal Awards Expenditures</b>			<b><u><u>\$1,989,155</u></u></b>

*The accompanying Notes to the Federal Awards Expenditures Schedule are an integral part of this Schedule*

**NOBLE COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2012**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Federal Awards Expenditures Schedule (the Schedule) reports the County's federal award programs' disbursements. The Schedule has been prepared on the cash basis of accounting.

**NOTE B – HOUSING AND URBAN DEVELOPMENT GRANT (HUD) REVOLVING LOAN PROGRAMS**

The County has a revolving loan fund (RLF) program to provide low-interest loans to businesses to create jobs for low to moderate income persons. The Federal Department of Housing and Urban Development (HUD) grants money for these loans to the County under the Rural Business Enterprise Grant Program (RBEG). The Schedule reports loans made and administrative costs as disbursements on the Schedule.

Activity in the RBEG revolving loan fund during 2012 is as follows:

Beginning loans receivable balance as of January 1, 2012	\$24,404
Loans made	28,500
Loan principal repaid	12,821
Ending loans receivable balance as of December 31, 2012	\$40,083
Cash balance on hand in the revolving loan fund as of December 31, 2012	\$54,358
Administrative costs expended during 2012	\$0

The table above reports gross loans receivable. Of the loans receivable as of December 31, 2012, the County estimates \$0 to be uncollectible.

**NOTE C - 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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# Dave Yost • Auditor of State

## 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, 2012, 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 16, 2013, wherein we noted the County has adopted Governmental Accounting Standards Board Statement No.'s 63 and 65.

### ***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 an instance of noncompliance or other matters we must report under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings as item 2012-001.

***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 communication is not suitable for any other purpose.



**Robert R. Hinkle, CPA**  
Deputy Auditor

Columbus, Ohio

September 16, 2013





# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Noble County  
200 Courthouse Square  
Caldwell, Ohio 43724

To the Board of County Commissioners:

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

We have audited Noble County, Ohio's (the County), compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the County's major federal programs for the year ended December 31, 2012. The *Summary of Audit 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 the requirements of laws, regulations, contracts, and grants 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 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 the County's major programs. However, our audit does not provide a legal determination of the County's compliance.

***Basis for Qualified Opinion on Community Development Block Grants – State's Program Cluster***

As described in Finding 2012-002 in the accompanying Schedule of Findings, the County did not comply with requirements regarding cash management applicable to its Community Development Block Grants – State's Program Cluster major federal programs. Compliance with this requirement is necessary, in our opinion, for the County to comply with requirements applicable to these programs.

***Qualified Opinion on Community Development Block Grants – State's Program Cluster***

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on Community Development Block Grants – State's Program Cluster* paragraph, the County complied, in all material respects, with the requirements referred to above that could directly and materially affect its Community Development Block Grants – State's Program Cluster major federal programs for the year ended December 31, 2012.

***Unmodified Opinion on Each of the Other Major Federal Programs***

In our opinion, the County complied in all material respects with the requirements referred to above that could directly and materially affect each of its other major federal programs identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings for the year ended December 31, 2012.

***Other Matter***

The County's response to our noncompliance finding is described in the accompanying Schedule of Findings. We did not audit the County's response and, accordingly, we express no opinion on it.

***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 OMB Circular A-133, 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Therefore, we cannot assure we have identified all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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's compliance requirement will not be prevented, or timely detected and corrected. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings as items 2012-02 and 2012-003 to be material weaknesses.

The County's responses to our internal control compliance findings are described in the accompanying Schedule of Findings. We did not audit the County's responses and, accordingly, we express no opinion on them.

This report only describes the scope of our tests of internal control over compliance and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



**Robert R. Hinkle, CPA**  
Deputy Auditor

Columbus, Ohio

September 16, 2013

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**NOBLE COUNTY**  
**SCHEDULE OF FINDINGS**  
**OMB CIRCULAR A-133 § .505**  
**DECEMBER 31, 2012**

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

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unmodified
<b>(d)(1)(ii)</b>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unmodified for all major programs, except for the Community Development Block Grants – State's Program Cluster, which we qualified.
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510(a)?</b>	Yes
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b> Community Development Block Grants – State's Program Cluster – CFDA #14.228 and 14.255 Temporary Assistance for Needy Families – CFDA #93.558 Social Services Block Grant – CFDA #93.667 Medical Assistance Program – CFDA #93.778	
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	No

**NOBLE COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505  
DECEMBER 31, 2012  
(Continued)**

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

**FINDING NUMBER 2012-001**

**Noncompliance Citation**

Ohio Rev. Code Section 5705.41(D)(1) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The Fiscal Officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Further, contracts and orders for expenditures lacking prior certification shall be null and void.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in Sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" Certificate – If the Fiscal Officer can certify that both at the time that the contract or order was made ("then"), and at the time that the Fiscal Officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the County can authorize the drawing of a warrant for the payment of the amount due. The County has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$100 may be paid by the Fiscal Officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the County.

2. Blanket Certificate – Fiscal Officer may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

3. Super Blanket Certificate – The Fiscal Officer may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the Fiscal Officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

The County Auditor did not properly certify the availability of funds prior to purchase commitment for thirty-three percent of expenditures tested. There was no evidence that the County followed the aforementioned exceptions. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

**NOBLE COUNTY**  
**SCHEDULE OF FINDINGS**  
**OMB CIRCULAR A-133 § .505**  
**DECEMBER 31, 2012**  
**(Continued)**

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

**FINDING NUMBER 2012-001 (Continued)**

**Noncompliance Citation - Ohio Rev. Code Section 5705.41(D)(1) (Continued)**

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the County's funds exceeding budgetary spending limitations, we recommend that the Treasurer certify that the funds are or will be available prior to obligation by the County. When prior certification is not possible, "then and now" certification should be used.

We recommend the County certify purchases to which Section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language Section 5705.41(D) requires to authorize disbursements. The County Auditor should sign the certification at the time the County incurs a commitment, and only when the requirements of Section 5705.41(D) are satisfied.

**3. FINDING FOR FEDERAL AWARDS**

<b>Finding Number</b>	2012-002
<b>CFDA Title and Number</b>	Community Development Block Grants – State's Program Cluster – CFDA #14.228 and #14.255
<b>Federal Award Number / Year</b>	2012
<b>Federal Agency</b>	U.S. Department of Housing and Urban Development
<b>Pass-Through Agency</b>	Ohio Department of Development

**Noncompliance and Material Weakness - Cash Management**

24 C.F.R. 85.21(c) states grantees and subgrantees shall be paid in advance, provided they maintain or demonstrate the willingness and ability to maintain procedures to minimize the time elapsing between the transfer of the funds and their disbursement by the grantee or subgrantee.

24 C.F.R. 85.20(b) states the financial management systems of other grantees and subgrantees must meet the following standards: (7) Procedures for minimizing the time elapsing between the transfer of funds from the U.S. Treasury and disbursement by grantees and subgrantees must be followed whenever advance payment procedures are used..... When advances are made by letter-of-credit or electronic transfer of funds methods, the grantee must make drawdowns as close as possible to the time of making disbursements. Grantees must monitor cash drawdowns by their subgrantees to assure that they conform substantially to the same standards of timing and amount as apply to advances to the grantees.

Ohio Department of Development, Office of Housing and Community Partnerships' (OHCP) Financial Management Rules and Regulations, Section (A)(3)(f) states, in part, that grantees must develop a cash management system to ensure compliance with the 15-day rule relating to prompt disbursement of funds. This rule states that funds drawn down should be limited to amounts that will enable the grantee to disburse the funds on hand to a balance of less than \$5,000 within 15 days of receipt of any funds.

**NOBLE COUNTY**  
**SCHEDULE OF FINDINGS**  
**OMB CIRCULAR A-133 § .505**  
**DECEMBER 31, 2012**  
**(Continued)**

**3. FINDING FOR FEDERAL AWARDS (Continued)**

**Finding Number 2012-002 (Continued)**

**Noncompliance and Material Weakness - 24 C.F.R. 85.21(c) (Continued)**

Our tests noted the County did not always disburse Community Development Block Grant (CDBG) funds within fifteen days. Of the nineteen requests for payment made during fiscal year 2012, there were thirteen instances in which sufficient disbursements were not made within the 15 day period to reduce the balance on hand to less than \$5,000. This could result in grantor requesting program income being paid back to the grantor.

We recommend the County ensure its compliance with the Fifteen Day Rule and disburse funds within fifteen days of receipt. We further recommend the County review the aforementioned section in the OHCP Financial Management Rules and Regulations handbook.

**Officials' Response and Corrective Action Plan:**

The 15 Day Rule occurred because when the money was drawn down, we were unaware of the construction delays due to weather and supply delays. The contractors are not paid until work is complete so the money sat in the account past 15 days. CDBG office staff are aware that the money should be paid out within 15 days after the money is received and will be more careful in the future. Many of the contractors are small businesses and need their money as soon as they are done. For that reason, we draw down the money as soon as we know they will start the job.

<b>Finding Number</b>	2012-003
<b>CFDA Title and Number</b>	Community Development Block Grants – State’s Program Cluster – CFDA #14.228 and #14.255
<b>Federal Award Number / Year</b>	2012
<b>Federal Agency</b>	U.S. Department of Housing and Urban Development
<b>Pass-Through Agency</b>	Ohio Department of Development

**Material Weakness – Reporting**

The Grant Agreement between the State of Ohio's Small Cities Community Development Block Grant (CDBG) and Noble County (Attachment C) states the County is required to submit status reports beginning six months after the effective date of the agreement and a final performance report at the conclusion of the program.

During our testing we noted the amounts reported on the October 31, 2012 quarterly status report for grant B-C-11-1CD-1 and B-F-10-1CD-1 did not agree to the actual expenditures in the County's appropriations ledger. In addition, there was no supporting documentation attached to reconcile the reported amounts.



**NOBLE COUNTY**  
**SCHEDULE OF FINDINGS**  
**OMB CIRCULAR A-133 § .505**  
**DECEMBER 31, 2012**  
**(Continued)**

<b>3. FINDING FOR FEDERAL AWARDS (Continued)</b>
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**Finding Number 2012-003 (Continued)**

**Material Weakness – Reporting (Continued)**

We recommend the County report only actual expenditures on the status and final performance reports and maintain the supporting documentation to verify this information. We further recommend that all supporting documentation be maintained in a central location since the grants often encompass several parties preparing the reports.

**Officials' Response and Corrective Action Plan:**

CDBG status reports could not be matched by the auditors on a CDBG Grant fund. This issue was discussed with the staff and there will be back up documentation on how the report was calculated on future status reports.

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# Dave Yost • Auditor of State

## NOBLE COUNTY FINANCIAL CONDITION

### 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 1, 2013