

**NOBLE TOWNSHIP
AUGLAIZE COUNTY, OHIO**

Financial Statements
(Audited)

For The Years Ended
December 31, 2005 and 2004

STEVE SCHAMP, FISCAL OFFICER



**Auditor of State
Betty Montgomery**

Board of Trustees
Noble Township
15460 State Route 66
St. Marys, Ohio 45885

We have reviewed the *Independent Auditors' Report* of Noble Township, Auglaize County, prepared by Julian and Grube, Inc., for the audit period January 1, 2004 through December 31, 2005. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Noble Township is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

September 8, 2006

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**NOBLE TOWNSHIP
AUGLAIZE COUNTY, OHIO**

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Julian & Grube, Inc.
Serving Ohio Local Governments

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Independent Auditors' Report

Board of Trustees
Noble Township, Auglaize County
15460 St. Rt. 66
St. Marys, OH 45885

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Noble Township, Auglaize County, Ohio, (the "Township"), as of and for the years ended December 31, 2005 and 2004, which collectively comprise the Township's financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Noble Township, Auglaize County, Ohio, as of December 31, 2005 and December 31, 2004, and the respective changes in cash financial position and the respective budgetary comparisons for the General Fund and Special Revenue Funds: Gasoline Tax (2005 and 2004), Road and Bridge (2005 and 2004), and Fire Levy (2005) thereof and for the years then ended in conformity with the basis of accounting as described in Note 2.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2006, on our consideration of the Township'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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Independent Auditors' Report
Noble Township
Page Two

The management's discussion and analysis on pages 3 through 13 is not a required part of the financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.
June 23, 2006

NOBLE TOWNSHIP, OHIO
AUGLAIZE COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
UNAUDITED

The management's discussion and analysis of Noble Township's (the "Township") financial performance provides an overall review of the Township's financial activities for the years ended December 31, 2005 and 2004, within the limitations of the Township's cash basis of accounting. The intent of this discussion and analysis is to look at the Township's financial performance as a whole; readers should also review the cash-basis financial statements and the notes to the financial statements to enhance their understanding of the Township's financial performance.

Financial Highlights

Key financial highlights for 2005 and 2004 are as follows:

- For fiscal year 2005, the total net cash assets of the Township decreased \$67,492 or 50.53%. For fiscal year 2004, the total net cash assets of the Township increased \$50,118, which represents a 60.05% increase over fiscal year 2003.
- For fiscal year 2005, general cash receipts accounted for \$189,684 or 56.09% of total governmental activities cash receipts and program specific cash receipts accounted for \$148,524 or 43.91% of total governmental activities cash receipts. For fiscal year 2004, general cash receipts accounted for \$232,592 or 70.06% of total governmental activities cash receipts and program specific cash receipts accounted for \$99,418 or 29.94% of total governmental activities cash receipts.
- For fiscal year 2005, the Township had \$405,700 in cash disbursements related to governmental activities; \$148,524 of these cash disbursements were offset by program specific charges for services, grants or contributions. General cash receipts (primarily grant entitlements and taxes) of \$189,684 were not adequate to provide for these programs. For fiscal year 2004, the Township had \$281,892 in cash disbursements related to governmental activities; \$99,418 of these cash disbursements were offset by program specific charges for services, grants or contributions. General cash receipts (primarily grants, entitlements and taxes) of \$232,592 were adequate to provide for these programs.
- The Township's major funds are the General fund, Gasoline Tax fund, Road and Bridge fund, Fire Levy fund and Capital Project: Building fund. The General fund, the Township's largest major fund, had cash receipts of \$90,480 and \$139,776 in 2005 and 2004 respectively. The cash disbursements of the General fund, totaled \$147,677 and \$96,334 in 2005 and 2004 respectively. The general fund's cash balance decreased \$57,197 from 2004 to 2005, and increased \$43,442 from 2003 to 2004.
- The Gasoline Tax fund, a Township major fund, had cash receipts of \$71,576 and \$73,792 in 2005 and 2004, respectively. The Gasoline Tax fund had cash disbursements of \$80,059 and \$53,577 in 2005 and 2004, respectively. The Gasoline Tax fund cash balance decreased \$8,483 from 2004 to 2005 and increased \$ 20,215 from 2003 to 2004.
- The Road and Bridge fund, a Township major fund, had cash receipts of \$63,793 and \$64,272 in 2005 and 2004, respectively. The Road and Bridge fund had cash disbursements of \$64,727 and \$82,818 in 2005 and 2004, respectively. The Road and Bridge fund cash balance decreased \$934 from 2004 to 2005 and decreased \$18,546 from 2003 to 2004.
- The Fire Levy fund, a Township major fund, had cash receipts of \$27,829 in 2005. The Fire Levy fund had cash disbursements of \$27,153 in 2005. The Fire Levy fund cash balance increased \$676 in 2005.
- The Capital Project: Building fund, a Township major fund, had cash receipts of \$60,400 in 2005. The Capital Project: Building fund had cash disbursements of \$60,000 in 2005. The Capital Project: Building fund cash balance increased \$400 in 2005.

**NOBLE TOWNSHIP, OHIO
AUGLAIZE COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
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Using this Cash Basis Financial Statements (BFS)

This cash basis annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the Township's cash basis of accounting. The Statement of Net Assets - Cash Basis and Statement of Activities - Cash Basis provide information about the activities of the whole Township, presenting an aggregate view of the Township's cash basis 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. The fund financial statements also look at the Township's most significant funds with all other nonmajor funds presented in total in one column. In the case of the Township, there are five major governmental funds in 2005 and three major governmental funds in 2004, the general fund is the largest major fund.

Reporting the Township as a Whole

Statement of Net Asset - Cash Basis and the Statement of Activities - Cash Basis

The Statement of Net Assets - Cash Basis and the Statement of Activities - Cash Basis answer the question, "How did we do financially during 2005 and 2004?" These statements include only net assets using the cash basis of accounting, which is a basis of accounting other than accounting principals generally accepted in the United States of America. This basis of accounting takes into account only the current year's receipts and disbursements if the cash is actually received or paid.

These two statements report the Township's net cash assets and changes in those assets on a cash basis. This change in net cash assets is important because it tells the reader that, for the Township as a whole, the cash basis financial position of the Township has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the Township's property tax base, current property tax laws in Ohio, availability of federal and state funding, facility conditions, mandated federal and state programs and other factors.

As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not collected) and liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

In the Statement of Net Assets - Cash Basis and the Statement of Activities - Cash Basis, the Governmental Activities include the Township's programs and services, including police and fire protection, road and bridge maintenance and repair, and ambulance services. The Statement of Net Assets - Cash Basis and the Statement of Activities - Cash Basis can be found on pages 14-15 and 22-23 of this report, for the years ended December 31, 2005 and 2004, respectively.

**NOBLE TOWNSHIP, OHIO
AUGLAIZE COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
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Reporting the Township's Most Significant Funds

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township are governmental funds.

Fund financial reports provide detailed information about the Township's major funds. The Township uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the Township's most significant funds. The Township's major governmental funds are the General Fund (2005 and 2004), Special Revenue fund type: Gasoline Tax (2005 and 2004), Road and Bridge (2005 and 2004), Fire Levy (2005) and Capital Project Fund type: Building fund (2005). The analysis of the Township's major governmental funds begins on page 10.

Governmental Funds

All of the Township'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 the cash basis of accounting, which is a basis of accounting other than accounting principals generally accepted in the United States of America. The governmental fund statements provide a detailed view of the Township's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer cash basis financial resources that can be readily spent to finance various Township programs. Since the Township is reporting on the cash basis of accounting, there are no differences in the Net Assets and fund cash balances or changes in Net Assets and changes in fund cash balances. Therefore, no reconciliation is necessary between such financial statements. However, differences will be apparent when comparing gross revenues and expenses on the Fund Financial Statements to the Statement of Activities - Cash Basis due to transfers between governmental funds being eliminated for reporting in the Statement of Activities - Cash Basis. The governmental fund statements can be found on pages 16-17, and 24-25 for the years ended December 31, 2005 and 2004, respectively, of this report.

The Township's budgetary process accounts for transactions on the budgetary basis of accounting. The difference between the budgetary basis of accounting and the cash basis of accounting is that encumbrances at year-end are recorded as a disbursement on the budgetary basis of accounting whereas on the cash basis, the disbursement is only recorded when cash is paid. The budgetary statements for the General fund, Gasoline Tax fund, Road and Bridge fund and Fire Levy fund are presented to demonstrate the Township's compliance with annually adopted budgets. The budgetary statements can be found on pages 18-21 and 26-28 for the years ended December 31, 2005 and 2004, respectively.

Notes to the Financial Statements

The notes provide additional information that is essential to full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 29-41 of this report.

Government-Wide Financial Analysis

Recall that the Statement of Net Assets - Cash Basis provides the perspective of the Township as a whole.

**NOBLE TOWNSHIP, OHIO
AUGLAIZE COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
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The table below provides a summary of the Township's net cash assets for 2005 and 2004.

	<u>Net Cash Assets</u>	
	Governmental Activities <u>2005</u>	Governmental Activities <u>2004</u>
<u>Assets</u>		
Equity in pooled cash and cash equivalents	\$ 66,088	\$ 133,580
Total assets	<u>66,088</u>	<u>133,580</u>
<u>Net Assets</u>		
Restricted	53,456	63,751
Unrestricted	<u>12,632</u>	<u>69,829</u>
Total net assets	<u>\$ 66,088</u>	<u>\$ 133,580</u>

For fiscal year 2005, net assets of the Township decreased \$67,492 or 50.53%. For fiscal year 2004, net cash assets of the Township increased \$50,118 or 60.05%.

The balance of government-wide unrestricted net cash assets of \$12,632 and 69,829 for the years ended December 31, 2005 and 2004, respectively, may be used to meet the government's ongoing obligations to citizens and creditors.

The table below shows the changes in net cash assets for fiscal years 2005 and 2004. Fiscal year 2004, is the first year for cash basis government-wide financial statements; therefore, a comparison with prior years is not available.

**NOBLE TOWNSHIP, OHIO
AUGLAIZE COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
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	<u>Change in Net Cash Assets</u>	
	Governmental	Governmental
	Activities	Activities
	<u>2005</u>	<u>2004</u>
Cash Receipts:		
Program cash receipts:		
Charges for services and sales	\$ -	\$ 13,420
Operating grants and contributions	95,024	85,998
Capital grants and contributions	<u>53,500</u>	<u>-</u>
Total program cash receipts	<u>148,524</u>	<u>99,418</u>
General cash receipts:		
Property taxes and other taxes	118,635	130,722
Unrestricted grants	67,872	95,840
Investment Earnings	467	414
Other	<u>2,710</u>	<u>5,616</u>
Total general cash receipts	<u>189,684</u>	<u>232,592</u>
Total cash receipts	<u>\$ 338,208</u>	<u>\$ 332,010</u>
Cash Disbursements:		
Current:		
General Government	\$ 57,256	\$ 61,095
Public Safety	28,567	26,735
Public Works	235,757	184,545
Health	103	103
Other	14,655	1,925
Capital outlay	63,690	1,817
Debt service:		
Principal retirement	<u>5,672</u>	<u>5,672</u>
Total cash disbursements	<u>405,700</u>	<u>281,892</u>
Change in net cash assets	(67,492)	50,118
Net cash assets at beginning of year	<u>133,580</u>	<u>83,462</u>
Net cash assets at end of year	<u>\$ 66,088</u>	<u>\$ 133,580</u>

Governmental Activities

Governmental cash assets decreased by \$67,492 in 2005 from 2004 and increased \$50,118 in 2004 from 2003.

General Government represents activities related to the governing body as well as activities that directly support Township programs. In 2005, general government cash disbursements totaled \$57,256, or 14.11% of total governmental cash disbursements. In 2004, general government cash disbursements totaled \$61,095, or 21.67% of total governmental cash disbursements.

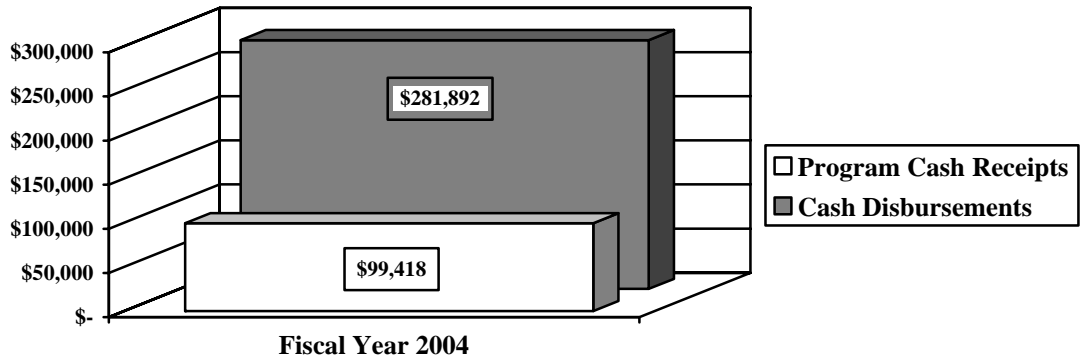
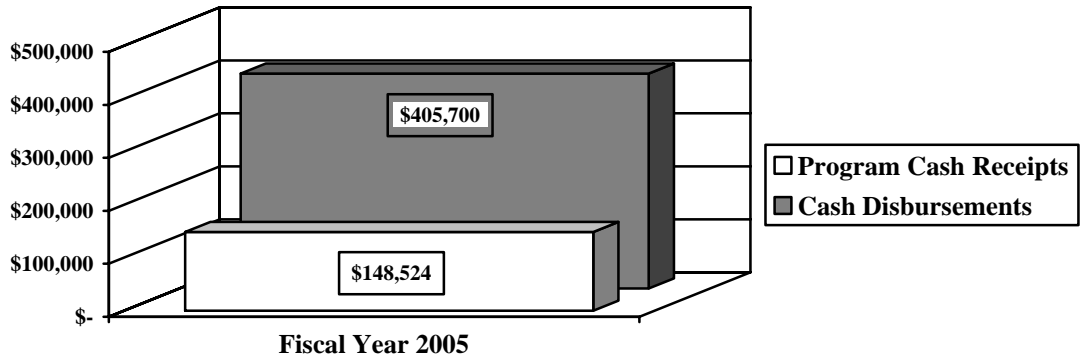
In 2005 and 2004, the public safety programs accounted for \$28,567 and \$26,735 of total governmental cash disbursements, respectively. These operations are primarily supported through operating grants and taxes.

**NOBLE TOWNSHIP, OHIO
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
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The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2005 and 2004. That is, it identifies the cost of these services supported by tax receipts and unrestricted state grants and entitlements.

Governmental Activities - Program Cash Receipts vs. Total Cash Disbursements



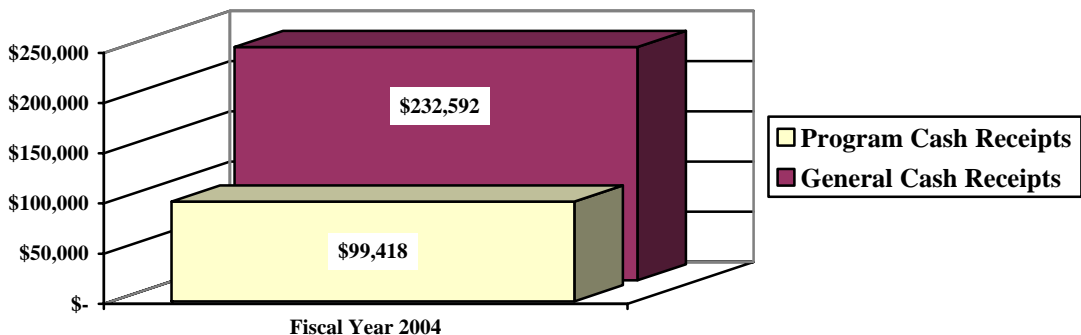
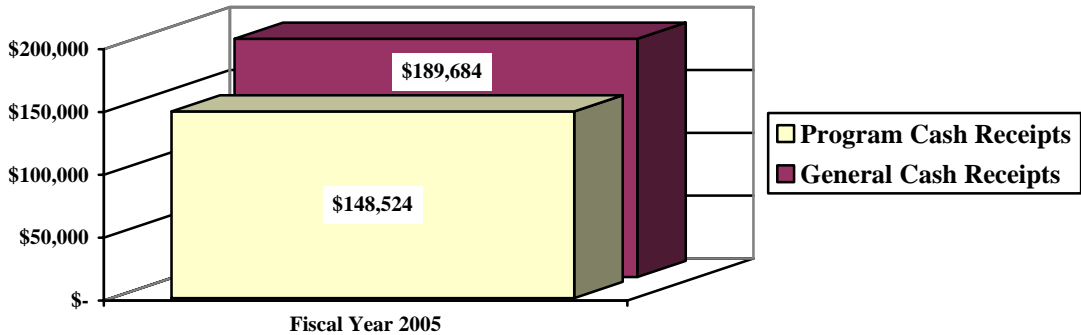
**NOBLE TOWNSHIP, OHIO
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
UNAUDITED**

	<u>Governmental Activities</u>		<u>Governmental Activities</u>	
	<u>Total Cost of Services</u> <u>2005</u>	<u>Net Cost of Services</u> <u>2005</u>	<u>Total Cost of Services</u> <u>2004</u>	<u>Net Cost of Services</u> <u>2004</u>
Cash disbursements:				
Current:				
General government	\$ 57,256	\$ (57,256)	\$ 61,095	\$ (61,095)
Public Safety	28,567	(25,629)	26,735	(26,735)
Public Works	235,757	(143,671)	184,545	(85,127)
Health	103	(103)	103	(103)
Other	14,655	(14,655)	1,925	(1,925)
Capital outlay	63,690	(10,190)	1,817	(1,817)
Debt service:				
Principal retirement	<u>5,672</u>	<u>(5,672)</u>	<u>5,672</u>	<u>(5,672)</u>
Total	<u>\$ 405,700</u>	<u>\$ (257,176)</u>	<u>\$ 281,892</u>	<u>\$ (182,474)</u>

The dependence upon general cash receipts for governmental activities is apparent; with 63.39% and 64.73% of cash disbursements supported through taxes and other general cash receipts during 2005 and 2004, respectively.

Governmental Activities - General and Program Cash Receipts



**NOBLE TOWNSHIP, OHIO
AUGLAIZE COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
UNAUDITED

Financial Analysis of the Government's Funds

As noted earlier, the Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The Township's governmental funds are accounted for using the cash basis of accounting.

The Township's governmental funds reported combined fund cash balances of \$66,088 and \$133,580 in 2005 and 2004, respectively, which is \$67,492 below and \$50,118 above the previous years' totals of \$133,580 and \$83,462, respectively. The schedule below indicates the fund cash balance and the total change in fund cash balance as of December 31, 2005 and December 31, 2004, for all major and nonmajor governmental funds.

	<u>Fund Cash Balance</u> <u>December 31, 2005</u>	<u>Fund Cash Balance</u> <u>December 31, 2004</u>	<u>Increase</u> <u>(Decrease)</u>
Major Funds:			
General	\$ 12,632	\$ 69,829	\$ (57,197)
Gasoline Tax	37,494	45,977	(8,483)
Road and Bridge	-	934	(934)
Fire Levy	12,873	12,197	676
Capital Project: Building	400	-	400
Other Nonmajor Governmental Funds	<u>2,689</u>	<u>4,643</u>	<u>(1,954)</u>
Total	<u>\$ 66,088</u>	<u>\$ 133,580</u>	<u>\$ (67,492)</u>

The schedule below indicates the fund cash balance and the total change in fund cash balance as of December 31, 2004 and December 2003, for all major and nonmajor governmental funds.

	<u>Fund Cash Balance</u> <u>December 31, 2004</u>	<u>Fund Cash Balance</u> <u>December 31, 2003</u>	<u>Increase</u> <u>(Decrease)</u>
Major Funds:			
General	\$ 69,829	\$ 26,387	\$ 43,442
Gasoline Tax	45,977	25,762	20,215
Road and Bridge	934	19,480	(18,546)
Other Nonmajor Governmental Funds	<u>16,840</u>	<u>11,833</u>	<u>5,007</u>
Total	<u>\$ 133,580</u>	<u>\$ 83,462</u>	<u>\$ 50,118</u>

General Fund

The General fund, the Township's largest major fund, had cash receipts and other financing sources of \$90,480 and \$139,776 in 2005 and 2004, respectively. The cash disbursements and other financing uses of the General fund, totaled \$147,677 and \$96,334 in 2005 and 2004, respectively. The general fund's cash balance decreased \$57,197 from 2005 to 2004 and increased \$43,442 from 2003 to 2004.

**NOBLE TOWNSHIP, OHIO
AUGLAIZE COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
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The table that follows assists in illustrating the cash receipts of the General fund received in 2005 and 2004.

	<u>2005</u> <u>Amount</u>	<u>2004</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Cash Receipts:</u>			
Taxes	\$ 37,255	\$ 34,800	7.05 %
Intergovernmental	48,921	99,093	(50.63) %
Licenses, permits and fees	1,380	2,952	(53.25) %
Investment income	214	267	(19.85) %
Total	<u>\$ 87,770</u>	<u>\$ 137,112</u>	(35.99) %

Intergovernmental revenue decreased due to money that was received from Auglaize County in 2004 that was not received in 2005. All other revenue remained comparable to 2004.

The table that follows assists in illustrating the cash receipts of the General fund received in 2004 and 2003.

	<u>2004</u> <u>Amount</u>	<u>2003</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Cash Receipts:</u>			
Taxes	\$ 34,800	\$ 32,575	6.83 %
Intergovernmental	99,093	24,619	302.51 %
Licenses, permits and fees	2,952	2,714	8.77 %
Investment income	267	410	(34.88) %
Total	<u>\$ 137,112</u>	<u>\$ 60,318</u>	127.32 %

Intergovernmental revenue increased due to money that was received from Auglaize County in 2004 that was not received in 2003. All other revenue remained comparable to 2003.

The table that follows assists in illustrating the expenditures of the General fund disbursed in 2005 and 2004.

	<u>2005</u> <u>Amount</u>	<u>2004</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Cash Disbursements</u>			
General government	\$ 56,119	\$ 59,904	(6.32) %
Public Safety	1,414	1,130	25.13 %
Public Works	70,306	31,455	123.51 %
Health	103	103	- %
Capital Outlay	3,690	1,817	103.08 %
Total	<u>\$ 131,632</u>	<u>\$ 94,409</u>	39.43 %

The Public Works variance was primarily due to increase in disbursements between 2005 and 2004. Overall, cash disbursements increased \$37,223 from 2004. The overall increase is directly related to the overall increase in revenue received by the General fund during 2005.

**NOBLE TOWNSHIP, OHIO
AUGLAIZE COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
UNAUDITED

The table that follows assists in illustrating the expenditures of the General fund disbursed in 2004 and 2003.

	<u>2005</u> <u>Amount</u>	<u>2004</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Cash Disbursements</u>			
General government	\$ 59,904	\$ 49,953	19.92 %
Public Safety	1,130	760	48.68 %
Public Works	31,455	32,340	(2.74) %
Health	103	100	3.00 %
Capital Outlay	<u>1,817</u>	<u>1,267</u>	43.41 %
Total	<u>\$ 94,409</u>	<u>\$ 84,420</u>	11.83 %

The General government variance was primarily due to increase in disbursements between 2004 and 2003. Overall, cash disbursements increased \$9,989 from 2003. The overall increase is directly related to the overall increase in revenue received by the General fund during 2004.

Gasoline Tax Fund

The Gasoline Tax Fund, a Township major fund, had cash receipts of \$71,576 and \$73,792 in 2005 and 2004, respectively. The Gasoline Tax fund had cash disbursements of \$80,059 and \$53,577 in 2005 and 2004, respectively. The Gasoline Tax fund cash balance decreased \$8,483 from 2004 to 2005 and increased \$20,215 from 2003 to 2004.

Road and Bridge Fund

The Road and Bridge fund, a Township major fund, had cash receipts of \$63,793 and \$64,272 in 2005 and 2004, respectively. The Road and Bridge fund had cash disbursements of \$64,727 and \$82,818 in 2005 and 2004, respectively. The Road and Bridge fund cash balance decreased \$934 from 2004 to 2005 and decreased \$18,546 from 2003 to 2004.

Fire Levy Fund

The Fire Levy fund, a Township major fund, had cash receipts of \$27,829 in 2005. The Fire Levy fund had cash disbursements of \$27,153 in 2005. The Fire Levy fund cash balance increased \$676 in 2005.

Capital Project Fund: Building

The Capital Project fund: Building, a Township major fund, had cash receipts of \$60,400 in 2005. The Capital Project fund: Building had cash disbursements of \$60,000 in 2005. The Capital Project fund: Building cash balance increased \$400 in 2005.

Budgeting Highlights - General Fund

The Township'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. The most significant budgeted fund is the general fund.

**NOBLE TOWNSHIP, OHIO
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
UNAUDITED**

In 2005, for the General fund, final budget basis receipts and other sources of \$96,881 was \$11,998 above original budget estimates of \$84,883. Actual cash receipts and other sources of \$90,480 were less than final budget estimates by \$6,401. The final budgetary basis disbursements and other financing uses of \$165,799 were \$11,591 above original budget estimates of \$154,208. The actual budgetary basis disbursements and other financing uses of \$147,677 were \$18,122 less than the final budget estimates.

In 2004, for the General fund, final budget receipts and other sources of \$146,665 was \$64,289 above original budget estimates of \$82,376. Actual cash receipts and other sources of \$139,776 were less than final budget estimates by \$6,889. The final budgetary basis disbursements and other financing uses of \$173,052 were \$64,289 above original budget estimates of \$108,763. The actual budgetary basis disbursements and other financing uses of \$96,334 were \$76,718 less than the final budget estimates.

Capital Assets and Debt Administration

Capital Assets

The Township does not record capital assets in the accompanying basic financial statements, but records payments for capital assets as disbursements. The Township had capital outlay disbursements of \$63,690 and \$1,817 during fiscal year 2005 and 2004, respectively.

Debt Administration

The Township had the following long-term obligations outstanding at December 31, 2005 and 2004:

	<u>Governmental Activities</u>	
	<u>2005</u>	<u>2004</u>
OPWC loans	<u>\$ 53,885</u>	<u>\$ 59,557</u>

Economic Factors and Next Year's Budgets and Rates

State funding is uncertain due to budgetary shortfalls at the State level. It appears Local Government Revenue and Local Government Revenue Assistance Funds may be cut by 10% in the next biennial State budget. Sales and property tax revenues are expected to remain consistent as well as expenditures.

These economic factors were considered in preparing the Township's budget for fiscal year 2005 and 2004. The Township has continued to practice conservative budgetary practices in order to preserve a positive financial position in future years.

Contacting the Township's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mr. Steve Schamp, Fiscal Officer, Noble, 15460 St. Rt. 66, St. Marys, OH 45885.

**NOBLE TOWNSHIP, OHIO
AUGLAIZE COUNTY**

STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2005

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents	\$ 66,088
Total assets.	66,088
Net assets:	
Restricted for:	
Capital projects	400
Other purposes	53,056
Unrestricted	12,632
Total net assets	\$ 66,088

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**NOBLE TOWNSHIP, OHIO
AUGLAIZE COUNTY**

STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2005

	Cash Disbursements	Program Cash Receipts		Net (Cash Disbursements) Cash Receipts and Changes in Net Cash Assets
		Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:				
Current:				
General government	\$ 57,256	\$ -	\$ -	\$ (57,256)
Public safety	28,567	2,938	-	(25,629)
Public works	235,757	92,086	-	(143,671)
Health	103	-	-	(103)
Other	14,655	-	-	(14,655)
Capital outlay	63,690	-	53,500	(10,190)
Debt service:				
Principal retirement	5,672	-	-	(5,672)
Total governmental activities	\$ 405,700	\$ 95,024	\$ 53,500	(257,176)
General Cash Receipts and Transfers:				
Property and other taxes				118,635
Grants and entitlements not restricted to specific programs.				67,872
Investment receipts				467
Miscellaneous				2,710
Total general cash receipts.				189,684
Change in net cash assets				(67,492)
Net cash assets at beginning of year.				133,580
Net cash assets at end of year				\$ 66,088

**NOBLE TOWNSHIP, OHIO
AUGLAIZE COUNTY**

STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
GOVERNMENTAL FUNDS
DECEMBER 31, 2005

	<u>General</u>	<u>Gasoline Tax</u>	<u>Fire Levy</u>	<u>Building</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash assets:						
Equity in pooled cash and cash equivalents	\$ 12,632	\$ 37,494	\$ 12,873	\$ 400	\$ 2,689	\$ 66,088
Total assets	<u>\$ 12,632</u>	<u>\$ 37,494</u>	<u>\$ 12,873</u>	<u>\$ 400</u>	<u>\$ 2,689</u>	<u>\$ 66,088</u>
Fund cash balances:						
Unreserved, undesignated (deficit), reported in:						
General fund.	\$ 12,632	\$ -	\$ -	\$ -	\$ -	\$ 12,632
Special revenue funds	-	37,494	12,873	-	2,689	53,056
Capital projects fund	-	-	-	400	-	400
Total fund cash balances	<u>\$ 12,632</u>	<u>\$ 37,494</u>	<u>\$ 12,873</u>	<u>\$ 400</u>	<u>\$ 2,689</u>	<u>\$ 66,088</u>

**NOBLE TOWNSHIP, OHIO
AUGLAIZE COUNTY**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>General</u>	<u>Gasoline Tax</u>	<u>Road and Bridge</u>	<u>Fire Levy</u>	<u>Building</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash receipts:							
Taxes	\$ 37,255	\$ -	\$ 56,489	\$ 24,891	\$ -	\$ 13,434	\$ 132,069
Licenses, permits and fees.	1,380	-	-	-	-	-	1,380
Intergovernmental.	48,921	71,348	7,304	2,938	-	17,571	148,082
Interest.	214	228	-	-	-	25	467
Donations.	-	-	-	-	53,500	-	53,500
Total cash receipts	<u>87,770</u>	<u>71,576</u>	<u>63,793</u>	<u>27,829</u>	<u>53,500</u>	<u>31,030</u>	<u>335,498</u>
Cash disbursements:							
Current:							
General government.	56,119	-	1,137	-	-	-	57,256
Public safety.	1,414	-	-	27,153	-	-	28,567
Public works.	70,306	74,387	63,590	-	-	27,474	235,757
Health	103	-	-	-	-	-	103
Other	-	-	-	-	-	5,510	5,510
Capital outlay	3,690	-	-	-	60,000	-	63,690
Debt service:							
Principal retirement	-	5,672	-	-	-	-	5,672
Total cash disbursements	<u>131,632</u>	<u>80,059</u>	<u>64,727</u>	<u>27,153</u>	<u>60,000</u>	<u>32,984</u>	<u>396,555</u>
Excess (deficiency) of cash receipts over (under) cash disbursements	<u>(43,862)</u>	<u>(8,483)</u>	<u>(934)</u>	<u>676</u>	<u>(6,500)</u>	<u>(1,954)</u>	<u>(61,057)</u>
Other financing sources (uses):							
Operating transfers in	-	-	-	-	6,900	-	6,900
Operating transfers out	(6,900)	-	-	-	-	-	(6,900)
Other sources	2,710	-	-	-	-	-	2,710
Other uses	(9,145)	-	-	-	-	-	(9,145)
Total other financing sources (uses).	<u>(13,335)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,900</u>	<u>-</u>	<u>(6,435)</u>
Net change in fund cash balances	(57,197)	(8,483)	(934)	676	400	(1,954)	(67,492)
Cash basis fund balances at beginning of year	69,829	45,977	934	12,197	-	4,643	133,580
Cash basis fund balances at end of year	<u>\$ 12,632</u>	<u>\$ 37,494</u>	<u>\$ -</u>	<u>\$ 12,873</u>	<u>\$ 400</u>	<u>\$ 2,689</u>	<u>\$ 66,088</u>

**NOBLE TOWNSHIP, OHIO
AUGLAIZE COUNTY**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN CASH BASIS FUND
BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary basis receipts:				
Taxes	\$ 35,817	\$ 40,910	\$ 37,255	\$ (3,655)
Licenses, permits and fees.	1,327	1,515	1,380	(135)
Intergovernmental.	47,033	53,721	48,921	(4,800)
Interest.	206	235	214	(21)
Total budgetary basis receipts	<u>84,383</u>	<u>96,381</u>	<u>87,770</u>	<u>(8,611)</u>
Budgetary basis disbursements:				
Current:				
General government.	68,775	68,775	56,119	12,656
Public safety.	2,000	2,000	1,414	586
Public works.	65,733	70,424	70,306	118
Health.	200	200	103	97
Capital outlay.	7,500	7,500	3,690	3,810
Total budgetary basis disbursements.	<u>144,208</u>	<u>148,899</u>	<u>131,632</u>	<u>17,267</u>
Excess (deficiency) of budgetary basis receipts over (under) budgetary basis disbursements	<u>(59,825)</u>	<u>(52,518)</u>	<u>(43,862)</u>	<u>8,656</u>
Other financing sources/(uses):				
Operating transfers out	-	(6,900)	(6,900)	-
Other sources	500	500	2,710	2,210
Other uses	(10,000)	(10,000)	(9,145)	855
Total other financing sources/(uses)	<u>(9,500)</u>	<u>(16,400)</u>	<u>(13,335)</u>	<u>3,065</u>
Net change in fund cash balance	(69,325)	(68,918)	(57,197)	11,721
Cash basis fund balance at beginning of year	<u>69,829</u>	<u>69,829</u>	<u>69,829</u>	<u>-</u>
Cash basis fund balance at end of year.	<u>\$ 504</u>	<u>\$ 911</u>	<u>\$ 12,632</u>	<u>\$ 11,721</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**NOBLE TOWNSHIP, OHIO
AUGLAIZE COUNTY**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN CASH BASIS FUND
BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)
GASOLINE TAX FUND
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Budgetary basis receipts:				
Intergovernmental	\$ 44,950	\$ 50,622	\$ 71,348	\$ 20,726
Interest	200	200	228	28
Total budgetary basis receipts	<u>45,150</u>	<u>50,822</u>	<u>71,576</u>	<u>20,754</u>
Budgetary basis disbursements:				
Current:				
Public works	90,127	90,712	74,387	16,325
Capital Outlay	1,000	1,000	-	1,000
Debt service:				
Principal retirement	-	5,672	5,672	-
Total budgetary basis disbursements.	<u>91,127</u>	<u>97,384</u>	<u>80,059</u>	<u>17,325</u>
Excess (deficiency) of budgetary basis receipts over (under) budgetary basis disbursements . . .	<u>(45,977)</u>	<u>(46,562)</u>	<u>(8,483)</u>	<u>38,079</u>
Net change in fund cash balance	(45,977)	(46,562)	(8,483)	38,079
Cash basis fund balance at beginning of year	<u>45,977</u>	<u>45,977</u>	<u>45,977</u>	<u>-</u>
Cash basis fund balance at end of year.	<u>\$ -</u>	<u>\$ (585)</u>	<u>\$ 37,494</u>	<u>\$ 38,079</u>

**NOBLE TOWNSHIP, OHIO
AUGLAIZE COUNTY**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN CASH BASIS FUND
BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)
ROAD AND BRIDGE FUND
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Budgetary basis receipts:				
Taxes	\$ 66,449	\$ 66,449	\$ 56,489	\$ (9,960)
Intergovernmental.	7,000	7,000	7,304	304
Total budgetary basis receipts	<u>73,449</u>	<u>73,449</u>	<u>63,793</u>	<u>(9,656)</u>
Budgetary basis disbursements:				
Current:				
General government.	1,700	1,700	1,137	563
Public works.	<u>72,683</u>	<u>72,917</u>	<u>63,590</u>	<u>9,327</u>
Total budgetary basis disbursements.	<u>74,383</u>	<u>74,617</u>	<u>64,727</u>	<u>9,890</u>
Excess (deficiency) of budgetary basis receipts over (under) budgetary basis disbursements	<u>(934)</u>	<u>(1,168)</u>	<u>(934)</u>	<u>234</u>
Net change in fund cash balance	(934)	(1,168)	(934)	234
Cash basis fund balance at beginning of year	<u>934</u>	<u>934</u>	<u>934</u>	<u>-</u>
Cash basis fund balance at end of year.	<u>\$ -</u>	<u>\$ (234)</u>	<u>\$ -</u>	<u>\$ 234</u>

**NOBLE TOWNSHIP, OHIO
AUGLAIZE COUNTY**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN CASH BASIS FUND
BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)
FIRE LEVY FUND
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Budgetary basis receipts:				
Taxes	\$ 29,348	\$ 29,348	\$ 24,891	\$ (4,457)
Intergovernmental.	3,464	3,464	2,938	(526)
Total budgetary basis receipts	<u>32,812</u>	<u>32,812</u>	<u>27,829</u>	<u>(4,983)</u>
Budgetary basis disbursements:				
Current:				
General government.	800	800	-	800
Public safety.	44,209	44,209	27,153	17,056
Total budgetary basis disbursements.	<u>45,009</u>	<u>45,009</u>	<u>27,153</u>	<u>17,856</u>
Excess (deficiency) of budgetary basis receipts over (under) budgetary basis disbursements	<u>(12,197)</u>	<u>(12,197)</u>	<u>676</u>	<u>12,873</u>
Net change in fund cash balance	(12,197)	(12,197)	676	12,873
Cash basis fund balance at beginning of year	<u>12,197</u>	<u>12,197</u>	<u>12,197</u>	<u>-</u>
Cash basis fund balance at end of year.	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,873</u>	<u>\$ 12,873</u>

**NOBLE TOWNSHIP, OHIO
AUGLAIZE COUNTY**

STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2004

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents	\$ 133,580
Total assets.	133,580
Net assets:	
Other purposes	63,751
Unrestricted	69,829
Total net assets	\$ 133,580

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**NOBLE TOWNSHIP, OHIO
AUGLAIZE COUNTY**

STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2004

		Program Cash Receipts		Net (Cash Disbursements) Cash Receipts and Changes in Net Cash Assets
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental activities:				
Current:				
General government	\$ 61,095	\$ -	\$ -	\$ (61,095)
Public safety	26,735	-	-	(26,735)
Public works.	184,545	13,420	85,998	(85,127)
Health	103	-	-	(103)
Other	1,925	-	-	(1,925)
Capital outlay	1,817	-	-	(1,817)
Debt service:				
Principal retirement.	5,672	-	-	(5,672)
Total governmental activities	\$ 281,892	\$ 13,420	\$ 85,998	(182,474)
General Cash Receipts and Transfers:				
Property and other taxes				130,722
Grants and entitlements not restricted to specific programs.				95,840
Interest				414
Miscellaneous				5,616
Total general cash receipts.				232,592
Change in net cash assets				50,118
Net cash assets at beginning of year.				83,462
Net cash assets at end of year				\$ 133,580

**NOBLE TOWNSHIP, OHIO
AUGLAIZE COUNTY**

STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
GOVERNMENTAL FUNDS
DECEMBER 31, 2004

	<u>General</u>	<u>Gasoline Tax</u>	<u>Road and Bridge</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash assets:					
Equity in pooled cash and cash equivalents	\$ 69,829	\$ 45,977	\$ 934	\$ 16,840	\$ 133,580
Total assets	<u>\$ 69,829</u>	<u>\$ 45,977</u>	<u>\$ 934</u>	<u>\$ 16,840</u>	<u>\$ 133,580</u>
Fund cash balances:					
Unreserved, undesignated, reported in:					
General fund.	\$ 69,829	\$ -	\$ -	\$ -	\$ 69,829
Special revenue funds	-	45,977	934	16,840	63,751
Total fund cash balances	<u>\$ 69,829</u>	<u>\$ 45,977</u>	<u>\$ 934</u>	<u>\$ 16,840</u>	<u>\$ 133,580</u>

**NOBLE TOWNSHIP, OHIO
AUGLAIZE COUNTY**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>General</u>	<u>Gasoline Tax</u>	<u>Road and Bridge</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash receipts:					
Taxes	\$ 34,800	\$ -	\$ 57,237	\$ 38,892	\$ 130,929
Licenses, permits and fees	2,952	-	-	-	2,952
Intergovernmental	99,093	73,660	7,035	15,263	195,051
Interest	267	132	-	15	414
Total cash receipts	<u>137,112</u>	<u>73,792</u>	<u>64,272</u>	<u>54,170</u>	<u>329,346</u>
Cash disbursements:					
Current:					
General government	59,904	-	1,191	-	61,095
Public safety	1,130	-	-	25,605	26,735
Public works	31,455	47,905	81,627	23,558	184,545
Health	103	-	-	-	103
Capital outlay	1,817	-	-	-	1,817
Debt service:					
Principal retirement	-	5,672	-	-	5,672
Total cash disbursements	<u>94,409</u>	<u>53,577</u>	<u>82,818</u>	<u>49,163</u>	<u>279,967</u>
Excess (deficiency) of cash receipts over (under) cash disbursements	<u>42,703</u>	<u>20,215</u>	<u>(18,546)</u>	<u>5,007</u>	<u>49,379</u>
Other financing sources (uses):					
Other sources	2,664	-	-	-	2,664
Other uses	(1,925)	-	-	-	(1,925)
Total other financing sources (uses)	<u>739</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>739</u>
Net change in fund cash balances	43,442	20,215	(18,546)	5,007	50,118
Cash basis fund balances at beginning of year .	<u>26,387</u>	<u>25,762</u>	<u>19,480</u>	<u>11,833</u>	<u>83,462</u>
Cash basis fund balances at end of year . . .	<u>\$ 69,829</u>	<u>\$ 45,977</u>	<u>\$ 934</u>	<u>\$ 16,840</u>	<u>\$ 133,580</u>

**NOBLE TOWNSHIP, OHIO
AUGLAIZE COUNTY**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN CASH BASIS FUND
BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary basis receipts:				
Taxes	\$ 47,476	\$ 47,476	\$ 34,800	\$ (12,676)
Licenses, permits and fees.	3,000	3,000	2,952	(48)
Intergovernmental	31,100	95,389	99,093	3,704
Interest.	600	600	267	(333)
Total budgetary basis receipts	<u>82,176</u>	<u>146,465</u>	<u>137,112</u>	<u>(9,353)</u>
Budgetary basis disbursements:				
Current:				
General government.	64,629	65,587	59,904	5,683
Public safety.	1,000	1,750	1,130	620
Public works.	25,000	89,289	31,455	57,834
Health.	125	125	103	22
Capital outlay.	6,500	6,500	1,817	4,683
Total budgetary basis disbursements.	<u>97,254</u>	<u>163,251</u>	<u>94,409</u>	<u>68,842</u>
Excess (deficiency) of budgetary basis receipts over (under) budgetary basis disbursements.	<u>(15,078)</u>	<u>(16,786)</u>	<u>42,703</u>	<u>59,489</u>
Other financing sources/(uses):				
Other sources	200	200	2,664	2,464
Other uses	(11,509)	(9,801)	(1,925)	7,876
Total other financing sources/(uses)	<u>(11,309)</u>	<u>(9,601)</u>	<u>739</u>	<u>10,340</u>
Net change in fund cash balance	(26,387)	(26,387)	43,442	69,829
Cash basis fund balance at beginning of year . .	<u>26,387</u>	<u>26,387</u>	<u>26,387</u>	<u>-</u>
Cash basis fund balance at end of year.	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 69,829</u>	<u>\$ 69,829</u>

**NOBLE TOWNSHIP, OHIO
AUGLAIZE COUNTY**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN CASH BASIS FUND
BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)
GASOLINE TAX FUND
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Budgetary basis receipts:				
Intergovernmental.	\$ 50,672	\$ 50,672	\$ 73,660	\$ 22,988
Interest.	150	150	132	(18)
Total budgetary basis receipts	<u>50,822</u>	<u>50,822</u>	<u>73,792</u>	<u>22,970</u>
Budgetary basis disbursements:				
Current:				
Public works.	70,412	70,412	47,905	22,507
Capital outlay.	500	500	-	500
Debt service:				
Principal retirement	5,672	5,672	5,672	-
Total budgetary basis disbursements.	<u>76,584</u>	<u>76,584</u>	<u>53,577</u>	<u>23,007</u>
Net change in fund cash balance	(25,762)	(25,762)	20,215	45,977
Cash basis fund balance at beginning of year	<u>25,762</u>	<u>25,762</u>	<u>25,762</u>	<u>-</u>
Cash basis fund balance at end of year.	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,977</u>	<u>\$ 45,977</u>

**NOBLE TOWNSHIP, OHIO
AUGLAIZE COUNTY**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN CASH BASIS FUND
BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)
ROAD AND BRIDGE FUND
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Budgetary basis receipts:				
Taxes	\$ 65,238	\$ 65,238	\$ 57,237	\$ (8,001)
Intergovernmental.	6,800	6,800	7,035	235
Total budgetary basis receipts	<u>72,038</u>	<u>72,038</u>	<u>64,272</u>	<u>(7,766)</u>
Budgetary basis disbursements:				
Current:				
General government.	1,600	1,600	1,191	409
Public works.	89,918	89,918	81,627	8,291
Total budgetary basis disbursements.	<u>91,518</u>	<u>91,518</u>	<u>82,818</u>	<u>8,700</u>
Net change in fund cash balance	(19,480)	(19,480)	(18,546)	934
Cash basis fund balance at beginning of year	<u>19,480</u>	<u>19,480</u>	<u>19,480</u>	<u>-</u>
Cash basis fund balance at end of year.	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 934</u>	<u>\$ 934</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**NOBLE TOWNSHIP
AUGLAIZE COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**

NOTE 1 - DESCRIPTION OF THE ENTITY

Noble Township, Auglaize County, Ohio (the "Township") is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly elected three-member Board of Trustees. The Township provides the following services: fire protection, road and bridge maintenance, as well as general governmental services. The Township contracts with the City of St. Marys to provide emergency ambulance services.

The Township's management believes these financial statements present all activities for which the Township is financially accountable.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2.C, these financial statements are presented on the cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In cases where these cash basis statements contain items that are the same as, or similar to, those items in the financial statements prepared in conformity with GAAP, similar informative disclosures are provided. Following are the more significant of the Township's accounting policies:

A. Basis of Presentation

For the years ended 2005 and 2004, the Township has implemented GASB Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for the State and Local Governments" format.

The Township's financial statements consist of government-wide financial statements, including a statement of net assets – cash basis and a statement of activities – cash basis, and a fund financial statement which provide a more detailed level of financial information.

Government-Wide Financial Statements - The statement of net assets – cash basis and the statement of activities – cash basis display information about the Township as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

The statement of net assets – cash basis presents the cash balance of the governmental activities of the Township at year-end. The statement of activities – cash basis compares disbursements with program receipts for each of the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that is required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a modified cash basis or draws from the Township's general receipts.

**NOBLE TOWNSHIP
AUGLAIZE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Fund Financial Statements - During the year, the Township segregates transactions related to certain Township functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township 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.

B. Fund Accounting

The Township uses fund accounting 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. Funds are used to segregate resources that are restricted as to use. The funds of the Township are divided into three categories, governmental, proprietary and fiduciary. The Township has no proprietary or fiduciary funds.

Governmental Funds - The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants) and other non-exchange transactions as governmental funds. The following are the Township's major governmental funds:

General Fund (2005 and 2004) - This fund is used to account for all financial resources of the Township except those required to be accounted for in another fund. The general fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

Gasoline Tax (2005 and 2004) - This fund accounts for gasoline tax receipts and their use as they pertain to the Township's roads.

Road and Bridge (2005 and 2004) - This fund accounts for property tax receipts and their use as they pertain to the Township's roads.

Fire Levy Fund (2005) - This fund receives property tax money for providing fire protection services.

Capital Project Fund: Building (2005). This fund uses donations for the purchase of a building.

Other governmental funds of the Township are used to account for taxes and other resources whose use is restricted to a particular purpose.

Proprietary Funds - Proprietary funds are used to account for the Township's ongoing activities which are similar to those often found in the private sector where the determination of net income is necessary or useful to sound financial administration. The Township has no proprietary funds.

Fiduciary Funds - Fiduciary funds include pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Township's own programs. The Township does not maintain any private-purpose trust funds. Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Township does not have fiduciary funds.

**NOBLE TOWNSHIP
AUGLAIZE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

C. Basis of Accounting

The Township's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

D. Budgetary Process

All 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 ordinance, 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 Township may appropriate.

The appropriations ordinance is the Township's authorization to spend resources and sets limits on disbursements at the level of control selected by the Township. The legal level of control has been established at the item level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Township Fiscal Officer. 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 budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Township.

The appropriations ordinance 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 ordinance 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 Township during the year.

E. Cash and Cash Equivalents

To improve cash management, cash received by the Township is pooled and invested. Individual fund integrity is maintained through Township records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments. Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

**NOBLE TOWNSHIP
AUGLAIZE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts totaled \$467 and \$414 for the years ended December 31, 2005 and 2004, respectively.

F. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. The Township did not have any restricted assets at December 31, 2005 or 2004.

G. Inventory and Prepaid Items

The Township reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

H. Capital Assets

Acquisition of property, plant, and equipment purchased are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

I. Interfund Receivables/Payables

The Township reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements. There were no advances-in or advances-out for the years ended December 31, 2005 and 2004.

J. Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's cash basis of accounting.

K. Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**NOBLE TOWNSHIP
AUGLAIZE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

L. Long-term Obligations

The Township's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure are reported at inception. Lease payments are reported when paid.

M. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for public safety, public works, health and human services, street maintenance and construction, and capital projects.

The Township first applies restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

N. Fund Balance Reserves

The Township reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves, if applicable, have been established for encumbrances. There were no outstanding encumbrances at December 31, 2005 and 2004.

O. Interfund Activity

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing receipt (disbursement) in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

P. 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 management and are either unusual in nature or infrequent in occurrence. The Township had neither extraordinary nor special items during the fiscal 2005 or 2004.

NOTE 3 - ACCOUNTABILITY & COMPLIANCE

For fiscal years 2005 and 2004, the Township has implemented GASB Statement No. 40, "Deposit and Investment Risk Disclosures".

GASB Statement No. 40 establishes and modified disclosure requirements related to investment risks: credit risk (including custodial credit risk and concentrations of credit risk) and interest rate risk. This statement also establishes and modified disclosure requirements for custodial credit risk on deposits.

**NOBLE TOWNSHIP
AUGLAIZE COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**

NOTE 3 - ACCOUNTABILITY & COMPLIANCE - (Continued)

The implementation of GASB Statement No. 40 did not have an effect on the financial statements of the Township.

NOTE 4 - DEPOSITS AND INVESTMENTS

State statutes classify monies held by the Township into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the Township treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Township has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim moneys are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Protection of Township'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 Township 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.

Interim monies to be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, 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;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool State Treasury Asset Reserve of Ohio (STAR Ohio);

**NOBLE TOWNSHIP
AUGLAIZE COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time: and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Township, and must be purchased with the expectation that it 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 Fiscal Officer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

A. Deposits with Financial Institutions

At December 31, 2005, the carrying amount of all Township deposits was \$66,088. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2005, \$111,117 of the Township's bank balance of \$211,117 was exposed to custodial risk as discussed below, while \$100,000 was covered by Federal Deposit Insurance Corporation.

At December 31, 2004, the carrying amount of all Township deposits was \$133,580. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2005, \$61,350 of the Township's bank balance of \$161,350 was exposed to custodial risk as discussed below, while \$100,000 was covered by Federal Deposit Insurance Corporation.

Custodial credit risk is the risk that, in the event of bank failure, the Township's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Township.

B. Investments

As of December 31, 2005 and 2004, the Township had no investments.

**NOBLE TOWNSHIP
AUGLAIZE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

C. Reconciliation of Cash and Investment to the Statement of Net Assets

The following is a reconciliation of cash and investments as reported in the footnote above to cash and investments as reported on the statement of net assets as of December 31, 2005 and 2004:

<u>Cash and Investments per footnote</u>	<u>December 31, 2005</u>	<u>December 31, 2004</u>
Carrying amount of deposits	\$ 66,088	\$ 133,580
<u>Cash and Investments per Statement of Net Assets</u>	<u>December 31, 2005</u>	<u>December 31, 2004</u>
Governmental activities	\$ 66,088	\$ 133,580

NOTE 5 - PROPERTY TAX

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in 2005 and 2004 represent the collection of 2004 and 2003 taxes, respectively. Real property taxes received in 2005 and 2004 were levied after October 1, 2004 and October 1, 2003, respectively, on the assessed values as of January 1, 2004 and January 1, 2005, the lien dates. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2005 represent the collection of 2004 taxes. Public utility real and tangible personal property taxes received in 2004 became a lien on December 31, 2003, were levied after October 1, 2004, and are collected with real property taxes. Public utility property tax receipts received in 2004 represent the collection of 2003 taxes. Public utility real and tangible personal property taxes received in 2003 became a lien on December 31, 2002, were levied after October 1, 2003, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2005 and 2004 (other than public utility property) represent the collection of 2005 and 2004 taxes, respectively. Tangible personal property taxes received in 2005 and 2004 were levied after October 1, 2004 and October 1, 2003, on the true value as of December 31, 2003 and December 31, 2002. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

**NOBLE TOWNSHIP
AUGLAIZE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

NOTE 5 - PROPERTY TAX - (Continued)

The assessed values of real and tangible personal property upon which 2005 and 2004 property tax receipts were based are as follows:

	2005	2004
Real property tax	\$ 21,532,900	\$ 21,083,190
Public utility tangible personal property	699,836	828,546
Tangible personal property	2,349,640	2,207,550
Total assessed valuation	\$ 24,582,376	\$ 24,119,286

NOTE 6 - DEBT OBLIGATIONS

At December 31, 2005 and 2004, debt obligations consisted of the following issuance:

Description	Balance at 12/31/2005	Balance at 12/31/2004
2000 loan with Ohio Public Work Commission (OPWC) for a multi-road resurfacing program due in semi-annual installments of \$2,836 through July 2015, bearing no interest	\$ 53,885	\$ 59,557

Transactions for the year ended December 31, 2005 and 2004 are summarized as follows:

Description	Balance 12/31/2004	Proceeds	Payments	Balance 12/31/2005	Amounts Due in One Year
Loan - OPWC	\$ 59,557	\$ -	\$ (5,672)	\$ 53,885	\$ 5,672

Description	Balance 12/31/2003	Proceeds	Payments	Balance 12/31/2004	Amounts Due in One Year
Loan - OPWC	\$ 65,229	\$ -	\$ (5,672)	\$ 59,557	\$ 5,672

**NOBLE TOWNSHIP
AUGLAIZE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

NOTE 6 - DEBT OBLIGATIONS - (Continued)

The principal requirements to retire the debt obligations outstanding at December 31, 2005, are as follows:

<u>Year Ending</u>	<u>Loan - OPWC Principal</u>
2006	\$ 2,836
2007	5,672
2008	5,672
2009	5,672
2010	5,672
2011 - 2015	<u>28,361</u>
Totals	<u>\$ 53,885</u>

NOTE 7 - DEFINED BENEFIT PENSION PLANS

Ohio Public Employees Retirement System

The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional 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% 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 that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, 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 and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to established and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-6705.

For the year ended December 31, 2005, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 8.5% of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1% of their annual covered salary; members in public safety contributed 9%. The Township's contribution rate for pension benefits for 2005 was 9.55%, except for those plan members in law enforcement or public safety. For those classifications, the Township's pension contributions were 12.7% of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Township's contributions to OPERS for the years ended December 31, 2005, 2004, and 2003 were \$5,546, \$5,510, and \$5,430, respectively; these contributions were sufficient to fulfill the requirements.

**NOBLE TOWNSHIP
AUGLAIZE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

NOTE 8 - POSTRETIREMENT BENEFIT PLANS

Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB Statement No. 12, "Disclosure of Information on Postemployment Benefits other than Pension Benefits by State and Local Government Employers". A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2005 local government employer contribution rate was 13.55% of covered payroll (16.70% for public safety and law enforcement); 4.00% of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPER's latest actuarial review performed as of December 31, 2004, include a rate of return on investments of 8.00%, an annual increase in active employee total payroll of 4.00% compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50% and 6.3% based on additional annual pay increases. Health care premiums were assumed to increase 4.00% annually.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25% of unrealized market appreciation or depreciation on investment assets annually.

The number of active contributing participants in the traditional and combined plans was 376,109. Actual employer contributions for 2005 which were used to fund postemployment benefits were \$82,307. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2004 (the latest information available) were \$10.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.5 billion and \$18.7 billion, respectively.

In December 2001, the Board adopted the Health Care "Choices" Plan. The Choices Plan will be offered to all persons newly hired in an OPERS covered position after January 1, 2004, with no prior service credit accumulated toward health care coverage. Choices will incorporate a cafeteria approach, offering a broader range of health care options. The Plan uses a graded scale from ten to thirty years to calculate a monthly health care benefit. This is in contrast to the ten-year "cliff" eligibility standard for the present Plan.

The benefit recipient will be free to select the option that best meets their needs. Recipients will fund health care costs in excess of their monthly health care benefit. The Plan will also offer a spending account feature, enabling the benefit recipient to apply their allowance toward specific medical expenses, much like a Medical Spending Account.

On September 9, 2004 the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to skyrocketing health care costs.

**NOBLE TOWNSHIP
AUGLAIZE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

NOTE 8 - POSTRETIREMENT BENEFIT PLANS - (Continued)

Under the HCPP, retirees eligible for health care coverage will receive a graded monthly allocation based on their years of service at retirement. The Plan incorporates a cafeteria approach, offering a broad range of health care options that allow benefit recipients to use their monthly allocation to purchase health care coverage customized to meet their individual needs. If the monthly allocation exceeds the cost of the options selected, the excess is deposited into a Retiree Medical Account that can be used to fund future health care expenses.

NOTE 9 - RISK MANAGEMENT

Risk Pool Membership

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

OTARMA retains casualty risks up to \$250,000 per claim, including loss adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Townships can elect additional coverage, from \$2,000,000 to \$10,000,000, from the General Reinsurance Corporation.

If losses exhaust OTARMA's retained earnings, APEEP covers OTARMA losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

Property Coverage

OTARMA retains property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsures losses exceeding \$100,000 up to \$500,000,000 per occurrence. APEEP's Guarantee Fund pays losses and loss adjustment expenses exceeding operating contributions.

The aforementioned casualty and property reinsurance agreements do not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective township.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31:

<u>Casualty Coverage</u>	<u>2004</u>	<u>2003</u>
Assets	\$ 30,687,203	\$ 27,792,223
Liabilities	<u>(13,640,962)</u>	<u>(11,791,300)</u>
Retained earnings	<u>\$ 17,046,241</u>	<u>\$ 16,000,923</u>

**NOBLE TOWNSHIP
AUGLAIZE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

NOTE 9 - RISK MANAGEMENT - (Continued)

<u>Property Coverage</u>	<u>2004</u>	<u>2003</u>
Assets	\$ 7,799,073	\$ 6,791,060
Liabilities	<u>(753,906)</u>	<u>(750,956)</u>
Retained earnings	<u>\$ 7,045,167</u>	<u>\$ 6,040,104</u>

Settled claims, resulting from these risks, have not exceeded commercial insurance in any of the past three years. There has been no significant reduction in insurance coverage from prior years.

NOTE 10 - CONTINGENCIES

LITIGATION

The Township is currently not involved in litigation.

NOTE 11 - BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balance – Budget and Actual (Budgetary Basis) presented for the general fund, Gasoline Tax fund, Road and Bridge fund and Fire Levy fund (2005) is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis are outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). At December 31, 2005 and 2004, the Township had no outstanding encumbrances.

NOTE 12 - INTERFUND TRANSACTIONS

The following is a summarized breakdown of the Township’s operating transfers and advances for 2005:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 6,900
<u>Capital Project Fund:</u>		
Building	<u>6,900</u>	<u>-</u>
	<u>\$ 6,900</u>	<u>\$ 6,900</u>

The Township Trustees authorized this transfer to supplement monies for the purchase of Noble School.

The transfers in the year ended December 31, 2005 were made in accordance with Ohio Revised Code Section 5705.14, 5705.15 and 5705.16.

The Township has no operating transfers and advances in 2004.



Julian & Grube, Inc.
Serving Ohio Local Governments

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**Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements Performed
in Accordance With *Government Auditing Standards***

Board of Trustees
Noble Township, Auglaize County
15460 St. Rt. 66
St. Marys, OH 45885

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Noble Township, Auglaize County, Ohio, (the "Township") as of and for the years ended December 31, 2005 and 2004, which collectively comprise the Township's financial statements and have issued our report thereon dated June 23, 2006 wherein we noted the Township prepared its financial statements on the cash basis of accounting, a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However we noted a certain matter involving the internal control over financial reporting that we have reported to the management of the Noble Township in a separate letter dated June 23, 2006.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance and other matters that we have reported to the management of Noble Township in a separate letter dated June 23, 2006.

Board of Trustees
Noble Township, Auglaize County

This report is intended solely for the information and use of the Trustees and the management of Noble Township and is not intended to be and should not be used by anyone other than these specified parties.

Julian & Grube, Inc.
June 23, 2006



**Auditor of State
Betty Montgomery**

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NOBLE TOWNSHIP

AUGLAIZE 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
SEPTEMBER 19, 2006**