



Dave Yost • Auditor of State

NOBLE TOWNSHIP
AUGLAIZE COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Noble Township
Auglaize County
05617 Lock 14 Road
St. Mary's, Ohio 45885

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts, and disbursements by fund type and related notes of Noble Township, Auglaize County, (the Township) as of and for the years ended December 31, 2015 and 2014.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements 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 Township'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 Township'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.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

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Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Township does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2015 and 2014, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Noble Township, Auglaize County as of December 31, 2015 and 2014, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2016, 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. 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 Township's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

December 21, 2016

**NOBLE TOWNSHIP
AUGLAIZE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts:			
Property and Other Local Taxes	\$48,911	\$139,410	\$188,321
Licenses, Permits and Fees	4,395		4,395
Intergovernmental	29,241	116,825	146,066
Earnings on Investments	43	59	102
Miscellaneous	26,763		26,763
Total Cash Receipts	<u>109,353</u>	<u>256,294</u>	<u>365,647</u>
Cash Disbursements:			
Current:			
General Government	53,897	24,038	77,935
Public Safety	549	34,394	34,943
Public Works		160,229	160,229
Health	144		144
Conservation-Recreation	8,100		8,100
Capital Outlay	2,000		2,000
Debt Service:			
Principal Retirement		42,836	42,836
Interest and Fiscal Charges		1,300	1,300
Total Cash Disbursements	<u>64,690</u>	<u>262,797</u>	<u>327,487</u>
Excess of Receipts Over (Under) Disbursements	<u>44,663</u>	<u>(6,503)</u>	<u>38,160</u>
Other Financing Receipts (Disbursements):			
Sale of Notes		20,000	20,000
Other Financing Sources	1,322	480	1,802
Other Financing Uses	(3,404)		(3,404)
Total Other Financing Receipts (Disbursements)	<u>(2,082)</u>	<u>20,480</u>	<u>18,398</u>
Net Change in Fund Cash Balances	42,581	13,977	56,558
Fund Cash Balances, January 1	<u>12,491</u>	<u>111,731</u>	<u>124,222</u>
Fund Cash Balances, December 31			
Restricted		79,152	79,152
Committed		46,556	46,556
Assigned	55,072		55,072
Fund Cash Balances, December 31	<u>\$55,072</u>	<u>\$125,708</u>	<u>\$180,780</u>

The notes to the financial statements are an integral part of this statement.

**NOBLE TOWNSHIP
AUGLAIZE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:				
Property and Other Local Taxes	\$42,472	\$118,636		\$161,108
Licenses, Permits and Fees	3,640			3,640
Intergovernmental	14,706	113,376	\$65,000	193,082
Earnings on Investments	34	49		83
Miscellaneous	29,216			29,216
Total Cash Receipts	<u>90,068</u>	<u>232,061</u>	<u>65,000</u>	<u>387,129</u>
Cash Disbursements:				
Current:				
General Government	74,931	24,749		99,680
Public Safety	1,969	34,098		36,067
Public Works		150,677		150,677
Health	128			128
Conservation-Recreation	25,860			25,860
Capital Outlay		170	65,000	65,170
Debt Service:				
Principal Retirement		65,672		65,672
Interest and Fiscal Charges		2,106		2,106
Total Cash Disbursements	<u>102,888</u>	<u>277,472</u>	<u>\$65,000</u>	<u>445,360</u>
Excess of Receipts (Under) Disbursements	<u>(12,820)</u>	<u>(45,411)</u>		<u>(58,231)</u>
Other Financing Receipts (Disbursements):				
Sale of Notes		40,000		40,000
Other Financing Sources	2,057	1,066		3,123
Other Financing Uses	(1,329)			(1,329)
Total Other Financing Receipts (Disbursements)	<u>728</u>	<u>41,066</u>		<u>41,794</u>
Net Change in Fund Cash Balances	(12,092)	(4,345)		(16,437)
Fund Cash Balances, January 1	<u>24,583</u>	<u>116,077</u>		<u>140,660</u>
Fund Cash Balances, December 31:				
Restricted		67,829		67,829
Committed		43,902		43,902
Assigned	12,491			12,491
Fund Cash Balances, December 31	<u>\$12,491</u>	<u>\$111,731</u>		<u>\$124,222</u>

The notes to the financial statements are an integral part of this statement.

**NOBLE TOWNSHIP
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Noble Township, Auglaize County, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance. The Township contracts with the City of St. Mary's to provide fire services and ambulance services. Police protection is provided by the Auglaize County Sheriff Department.

The Township participates in one public entity risk pool, the Ohio Township Association Risk Management Authority (OTARMA). Note 8 to the financial statements provides additional information for this entity.

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Deposits and Investments

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

During 2015 and 2014, the Township had no investments.

D. Fund Accounting

The Township uses fund accounting to segregate cash that is restricted as to use. The Township classifies its funds into the following types:

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

2. Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

**NOBLE TOWNSHIP
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Road and Bridge Fund – The fund receives property tax money for constructing, maintaining, and repairing Township roads and bridges.

Gasoline Tax Fund – This fund receives gasoline tax money to pay for constructing, maintaining, and repairing Township roads.

3. Capital Project Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following Capital Project Fund:

Ohio Public Works Commission Projects Fund – This fund received proceeds of an Ohio Public Works Commission grant which was used for Township road improvement projects.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and re-appropriated in the subsequent year.

A summary of 2015 and 2014 budgetary activity appears in Note 3.

F. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Non-spendable

The Township classifies assets as *non-spendable* when legally or contractually required to maintain the amounts intact.

**NOBLE TOWNSHIP
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Restricted

Fund balance is *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.

3. Committed

Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township 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.

G. Property, Plant, and Equipment

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

2. EQUITY IN POOLED DEPOSITS

The Township maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at December 31 was as follows:

	<u>2015</u>	<u>2014</u>
Demand deposits	<u>\$180,780</u>	<u>\$124,222</u>

Deposits: Deposits are insured by Federal Depository Insurance Corporation.

**NOBLE TOWNSHIP
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2015 and 2014 follows:

2015 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$100,512	\$110,675	\$10,163
Special Revenue	276,997	276,774	(223)
Total	<u>\$377,509</u>	<u>\$387,449</u>	<u>\$9,940</u>

2015 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$113,118	\$68,094	\$45,024
Special Revenue	388,614	262,797	125,817
Total	<u>\$501,732</u>	<u>\$330,891</u>	<u>\$170,841</u>

2014 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$67,550	\$92,125	\$24,575
Special Revenue	286,981	273,127	(13,854)
Capital Projects	65,000	65,000	
Total	<u>\$419,531</u>	<u>\$430,252</u>	<u>\$10,721</u>

2014 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$109,735	\$104,217	\$5,518
Special Revenue	380,456	277,472	102,984
Capital Projects	65,000	65,000	
Total	<u>\$555,191</u>	<u>\$446,689</u>	<u>\$108,502</u>

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township.

**NOBLE TOWNSHIP
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

5. DEBT

Debt outstanding at December 31, 2015 was as follows:

	Principal	Interest Rate
Tax Anticipation Notes	\$20,000	4.25%
Total	\$20,000	

The Peoples Holding Company, Inc., issued the Township a tax anticipation note for a plow truck and equipment. The original note was issued in 2011 for \$100,000. The note was paid off and reissued in 2014 and 2015. The loan was secured by the Township's Special Revenue Fund.

Amortization of the above debt, including interest, is scheduled as follows:

Year ending December 31:	Tax Anticipation Note
2016	\$20,000
Total	\$20,000

6. RETIREMENT SYSTEMS

The Township's elected officials belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2015 and 2014, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14%, of participants' gross salaries. The Township has paid all contributions required through December 31, 2015.

7. POST-EMPLOYMENT BENEFITS

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and the combined plans. OPERS contributes 2 percent of the employer contribution to fund these benefits.

8. RISK MANAGEMENT

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

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. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) (York or Management), functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

**NOBLE TOWNSHIP
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

8. RISK MANAGEMENT (Continued)

A. Casualty and Property Coverage

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2015, OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims.

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

B. 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, 2015 and 2014 (the latest information available):

	2015	2014
Assets	\$37,313,311	\$35,970,263
Liabilities	8,418,518	8,912,432
Net Position	\$28,894,793	\$27,057,831

At December 31, 2015 and 2014, respectively, the liabilities above include approximately \$7.8 and \$8.2 million of estimated incurred claims payable. The assets above also include approximately \$7.7 and \$7.2 million of unpaid claims to be billed to approximately 989 members and 957 member governments in the future, as of December 31, 2015 and 2014, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2015, the Township's share of these unpaid claims collectible in future years is approximately \$5,000.

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

Contributions to OTARMA	
2015	2014
\$9,468	\$8,219

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.



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 Township
Auglaize County
05617 Lock 14 Road
St. Mary's, Ohio 45885

To the Board of Trustees:

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 cash balances, receipts, and disbursements by fund type of Noble Township, Auglaize County, (the Township) as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements, and have issued our report thereon dated December 21, 2016 wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Township'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 Township'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 Township'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. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2015-001 and 2015-002 to be material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the Township'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 matter we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2015-001.

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 Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

December 21, 2016

**NOBLE TOWNSHIP
AUGLAIZE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014**

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

FINDING NUMBER 2015-001

Noncompliance / Material Weakness

Ohio Rev. Code Section 505.24(D) states, in part, that each Trustee shall certify the percentage of time spent working on matters to be paid from the township general fund and from other township funds in such proportions as the kinds of services performed. Additionally, Ohio Auditor of State Bulletin 2013-002 states attendance at board meetings and other activities supporting the general business of the township must be allocated to the general fund; there, the allocation of 100 percent of an official's compensation to funds other than the general fund is not permitted under Ohio Law.

The Township Trustees prepared payroll certifications forms each month during the audit period; however their monthly salary was not allocated to the funds in accordance with the payroll certification. During 2014, the Township over posted the payroll in the Gas Tax fund by \$2,251, under posted payroll expenditures in the General Fund by \$115, and under posted the payroll in the Road and Bridge fund by \$2,136.

These amounts have been adjusted on the accompanying financial statements and the Township's records.

The Township should implement procedures to verify that salaries are recorded in the appropriate fund based upon certification of monthly wages. Failure to do so could result in materially misstated financial statements.

Officials' Response

We did not receive a response to this finding.

FINDING NUMBER 2015-002

Material Weakness

Accuracy of Financial Reporting

Governmental Accounting Standards Board (GASB) Statement No. 54 (GASB Codification 1800.170-1800.177) - *Fund Balance Reporting and Governmental Fund Type Definitions* gives definitions for each of the following fund types General, Special Revenue, Capital Project, Debt Service, and Permanent. GASB Statement No. 54 also establishes fund balance classifications that stipulate use of fund balances based on the extent to which a government is required to observe constraints imposed upon the use of the resources reported in governmental funds and for amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority. The following errors were noted as a result of the Township not properly implementing GASB Statement No 54:

- In 2015, the entire General Fund balance was incorrectly classified as unassigned. Part of the fund balance had to be reclassified from unassigned to assigned in the amount of \$55,072 to properly reflect 2016 appropriations that exceeded 2016 estimated receipts per GASB 54 guidance.
- In 2014, the entire General Fund balance was incorrectly classified as unassigned. Part of the fund balance had to be reclassified from unassigned to assigned in the amount of \$12,491 to properly reflect 2015 appropriations that exceeded 2015 estimated receipts per GASB 54 guidance.

**FINDING NUMBER 2015-002
(Continued)**

- The GASB 54 fund classification for the Road and Bridge Fund requires that the fund be classified as committed if the levy is inside millage. This resulted in adjusting \$46,556 and \$43,902 in the Road and Bridge Fund balance from restricted to committed for 2015 and 2014, respectively.

The adjustments are reflected on the audited financial statements.

Procedures were not in place to properly review the accuracy of financial reporting.

Policies and procedures should be implemented to provide that the Township Fiscal Officer should review Auditor of State Bulletin 2011-004 when completing the annual report to properly implement GASB Statement No. 54. Failure to do so may result in incorrect classification of fund cash balances and inaccurate financial statements.

Officials' Response

We did not receive a response to this finding.

**NOBLE TOWNSHIP
AUGLAIZE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2015 AND 2014**

Finding Number	Finding Summary	Status	Additional Information
2013-001	Ohio Rev. Code Section 505.24(C) - Trustee salaries were allocated incorrectly based on payroll certifications	Not Corrected	Repeated as 2015-001.
2013-002	Finding for Recovery, Ohio Revised Code Section 505.601 - Trustee was reimbursed for health care for an entire year, should have only been reimbursed for 11 months.	Corrective Action Taken and Finding is Fully Corrected	Repaid under prior audit.
2013-003	Ohio Rev. Code Section 5705.41(D)(1) - Township did not properly certify the availability of funds prior to purchase commitment for expenditures.	Corrective Action Taken and Finding is Fully Corrected	

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Dave Yost • Auditor of State

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
JANUARY 26, 2017**