



**NOBLE TOWNSHIP/CITY OF DEFIANCE  
JOINT ECONOMIC DEVELOPMENT DISTRICT  
DEFIANCE COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2005**



**Auditor of State  
Betty Montgomery**



**NOBLE TOWNSHIP/CITY OF DEFIANCE  
JOINT ECONOMIC DEVELOPMENT DISTRICT**

**DEFIANCE COUNTY**

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**Auditor of State  
Betty Montgomery**

Noble Township/City of Defiance  
Joint Economic Development District  
Defiance County  
101 Clinton Street, Suite 1500  
Defiance, Ohio 43512-2177

To the Board of Directors:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

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**Betty Montgomery**  
Auditor of State

April 10, 2006

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Noble Township/City of Defiance  
Joint Economic Development District  
Defiance County  
101 Clinton Street, Suite 1500  
Defiance, Ohio 43512-2177

To the Board of Directors:

We have audited the accompanying financial statements of the Noble Township/City of Defiance Joint Economic Development District, Defiance County, (the District) as of and for the years ended December 31, 2005 and 2004. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the District has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the District to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2005 and 2004. Instead of the fund the accompanying financial statements present for 2005 and 2004, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2005 and 2004. While the District does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The District has elected not to reformat its statements. Since this District does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2005 and 2004, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2005 and 2004, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances of the Noble Township/City of Defiance Joint Economic Development District, Defiance County, as of December 31, 2005 and 2004, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the District to include Management's Discussion and Analysis for the years ended December 31, 2005 and 2004. The District has not presented Management's Discussion and Analysis for either year, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 10, 2006, on our consideration of the District'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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



**Betty Montgomery**  
Auditor of State

April 10, 2006

**NOBLE TOWNSHIP/CITY OF DEFIANCE  
JOINT ECONOMIC DEVELOPMENT DISTRICT  
DEFIANCE COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
GENERAL FUND  
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**

	<b>2005</b>	<b>2004</b>
<b>Cash Receipts:</b>		
Income Tax Revenue	\$9,856	\$11,050
<b>Cash Disbursements:</b>		
General Government	1,181	
Total Receipts Over Disbursements	8,675	11,050
Fund Cash Balances, January 1	22,975	11,925
<b>Fund Cash Balances, December 31</b>	<b>\$31,650</b>	<b>\$22,975</b>

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

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**NOBLE TOWNSHIP/CITY OF DEFIANCE  
JOINT ECONOMIC DEVELOPMENT DISTRICT  
DEFIANCE COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Noble Township/City of Defiance Joint Economic Development District, Defiance County, (the District) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District was formed as a result of an agreement between the City of Defiance and the Township of Noble, in Defiance County. The District is directed by a five-member Board of Trustees. The District's purpose is to promote economic development activities in the geographic area comprising the District. Such area is located in Noble Township and includes the general area of the Defiance County Airport. The District's primary source of revenue is a tax on income earned in the District.

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

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**C. Fund Accounting**

The District uses fund accounting to segregate cash and investments that are restricted as to use. The District only has a General Fund.

**General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources.

**2. EQUITY IN CASH**

The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash at December 31, 2005 and 2004 was \$31,650 and \$22,975 respectively. Deposits are insured by the Federal Depository Insurance Corporation.

**NOBLE TOWNSHIP/CITY OF DEFIANCE  
JOINT ECONOMIC DEVELOPMENT DISTRICT  
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(Continued)**

**3. LOCAL INCOME TAX**

The District, the City of Defiance (the City), and Noble Township (the Township), Defiance County levies an income tax of 1.5 percent (1.3 percent until 6/1/2005) on substantially all earned income arising from employment or business activities within the District.

Employers within the District withhold income tax on employee compensation and remit the tax to the City of Defiance, as required. The City then distributes income tax monies to the District, the City and the Township on a quarterly basis. Currently, the District receives 70 percent of the income tax collections. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually with the City.

**4. BUDGETARY ACTIVITY**

Budgetary activity for the year ending December 31, 2005 (the first year a budget was adopted) follows:

2005 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$10,000	\$9,856	(\$144)

2005 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$32,975	\$1,181	\$31,794



**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Noble Township/City of Defiance  
Joint Economic Development District  
Defiance County  
101 Clinton Street, Suite 1500  
Defiance, Ohio 43512-2177

To the Board of Trustees:

We have audited the financial statements of the Noble Township/City of Defiance Joint Economic Development District, Defiance County (the District) as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated April 10, 2006, wherein we noted the District followed accounting practices the Auditor of State prescribes rather 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 the Comptroller General of the United States' *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine 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 material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the District's management dated April 10, 2006, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

**Compliance and Other Matters**

As part of reasonably assuring whether the District'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, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*. In a separate letter to the District's management dated April 10, 2006, we reported another matter related to noncompliance we deemed immaterial.

Noble Township/City of Defiance  
Joint Economic Development District  
Defiance County  
Independent Accountants' Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Required by *Government Auditing Standards*  
Page 2

We intend this report solely for the information and use of management and the Board of Directors. It is not intended for anyone other than these specified parties.

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

**Betty Montgomery**  
Auditor of State

April 10, 2006



**Auditor of State  
Betty Montgomery**

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**NOBLE TOWNSHIP/CITY OF DEFIANCE JOINT ECONOMIC  
DEVELOPMENT DISTRICT**

**DEFIANCE 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  
MAY 4, 2006**