



**NORWICH TOWNSHIP  
FRANKLIN COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 1998 - 1997**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



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## REPORT OF INDEPENDENT ACCOUNTANTS

Board of Trustees  
Norwich Township  
Franklin County  
4164 Avery Road  
Hilliard, Ohio 43026

We have audited the accompanying financial statements of Norwich Township, Franklin County, Ohio, (the Township) as of and for the years ended December 31, 1998 and December 31, 1997. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with generally accepted auditing standards 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 audits 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 significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Norwich Township, Franklin County, Ohio, as of December 31, 1998 and December 31, 1997, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 13, 1999 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 grants.

This report is intended solely for the information and use of the management, and the Township's Board of Trustees and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

**JIM PETRO**  
Auditor of State

August 13, 1999

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
AND CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>General</u>	<u>Special Revenue</u>	<u>(Memorandum Only) Total</u>
Cash receipts:			
Local taxes	\$929,410	\$2,949,930	\$3,879,340
Intergovernmental	337,617	346,264	683,881
Interest	418,493	5,755	424,248
Charges for services	0	170,000	170,000
Fines, licenses, and permits	72,126	0	72,126
Miscellaneous	97,929	61,031	158,960
<b>Total cash receipts</b>	<u>1,855,575</u>	<u>3,532,980</u>	<u>5,388,555</u>
Cash disbursements:			
Current:			
General Government	768,987	0	768,987
Public Safety	96,563	2,944,212	3,040,775
Public Works	0	43,937	43,937
Health	169,442	23,057	192,499
Capital outlay	20,768	67,426	88,194
<b>Total cash disbursements</b>	<u>1,055,760</u>	<u>3,078,632</u>	<u>4,134,392</u>
<b>Total cash receipts over/(under) cash disbursements</b>	799,815	454,348	1,254,163
<b>Fund cash balances, January 1, 1998</b>	<u>5,507,346</u>	<u>2,563,023</u>	<u>8,070,369</u>
<b>Fund cash balances, December 31, 1998</b>	<u>\$6,307,161</u>	<u>\$3,017,371</u>	<u>\$9,324,532</u>
<b>Reserve for encumbrances, December 31, 1998</b>	<u>\$799</u>	<u>\$13,887</u>	<u>\$14,686</u>

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

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS  
AND CHANGES IN FUND CASH BALANCES - NONEXPENDABLE TRUST FUND  
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<b>Nonexpendable Trust</b>
Operating cash receipts:	
Miscellaneous	\$40
	40
Total operating cash receipts	40
Operating cash disbursements:	
Personal services	0
Contractual services	0
Supplies and materials	0
Capital outlay	0
	0
Total operating cash disbursements	0
Operating income/(loss)	40
Non-operating cash receipts:	
Other non-operating revenues	0
	0
Total non-operating cash receipts	0
Non-operating cash disbursements:	
Other non-operating cash disbursements	0
	0
Total non-operating cash disbursements	0
Fund cash balances, January 1, 1998	1,587
Fund cash balances, December 31, 1998	\$1,627

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



**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
AND CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 1997**

	<u>General</u>	<u>Special Revenue</u>	<u>(Memorandum Only) Total</u>
Cash receipts:			
Local taxes	\$726,799	\$2,804,541	\$3,531,340
Intergovernmental	317,869	330,417	648,286
Interest	377,179	5,974	383,153
Fines, licenses, and permits	58,684	0	58,684
Miscellaneous	19,491	85,525	105,016
	<u>1,500,022</u>	<u>3,226,457</u>	<u>4,726,479</u>
Total cash receipts			
Cash disbursements:			
Current:			
General Government	287,960	0	287,960
Public Safety	75,105	3,015,399	3,090,504
Public Works	84,620	12,952	97,572
Health	145,845	27,213	173,058
Capital outlay	5,700	183,517	189,217
	<u>599,230</u>	<u>3,239,081</u>	<u>3,838,311</u>
Total program disbursements			
Total receipts over/(under) program disbursements	900,792	(12,624)	888,168
Fund cash balances January 1, 1997	<u>4,606,554</u>	<u>2,575,648</u>	<u>7,182,202</u>
Fund cash balances, December 31, 1997	<u>\$5,507,346</u>	<u>\$2,563,024</u>	<u>\$8,070,370</u>
Reserve for encumbrances, December 31, 1997	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS  
AND CHANGES IN FUND CASH BALANCES - NONEXPENDABLE TRUST FUND  
FOR THE YEAR ENDED DECEMBER 31, 1997**

	<b>Nonexpendable Trust</b>
Operating cash receipts:	
Miscellaneous	\$43
Total operating cash receipts	43
Operating cash disbursements:	
Personal services	0
Contractual services	0
Supplies and materials	0
Capital outlay	0
Total operating cash disbursements	0
Operating income/(loss)	43
Non-operating cash receipts:	
Other non-operating revenues	0
Total non-operating cash receipts	0
Non-operating cash disbursements:	
Other non-operating cash disbursements	0
Total non-operating cash disbursements	0
Fund cash balances, January 1, 1997	1,544
Fund cash balances, December 31, 1997	\$1,587

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

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1998 AND 1997**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Norwich Township, Franklin County, (the Township) 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 Township is directed by a publicly-elected three member Board of Trustees. The Township provides general governmental services, including fire protection and cemetery services. The Township contracts with the Franklin County Sheriff's department to provide security of persons and property.

The Township's management believes these financial statements present all activities for which the Township is financially accountable, except employee deferred compensation funds maintained by outside custodians not included in these financial statements. These assets are described in Note 7 to the financial statements..

**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. 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 prescribed or permitted by the Auditor of State.

**C. Cash and Investments**

Depository amounts, certificates of deposit, and U.S. Treasury Notes are valued at cost. 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 disbursements, respectively.

**D. Fund Accounting**

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

**General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**Special Revenue Funds**

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

Motor Vehicle License Tax and Gasoline Tax funds- This fund receives gasoline tax, motor vehicle tax money and local taxes for constructing, maintaining and repairing Township streets.

Police District Fund- this fund receives police levy funds for maintaining police protection services.

**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1998 AND 1997**  
**(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**Special Revenue Funds (Continued)**

Fire District Fund - This fund receives fire levy funds for maintaining fire protection services.

**Fiduciary Funds (Trust and Agency Funds)**

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Township to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant fiduciary funds:

Cemetery Bequest Fund - This initial endowment (corpus) of this fund is not expendable, the Township must use the interest earnings per the terms of the trust.

**E. Budgetary Process**

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

**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. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

**Estimated Resources**

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

**Encumbrances**

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 1998 and 1997 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

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

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1998 AND 1997  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**G. Unpaid Vacation and Sick Leave**

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Township.

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

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

	<u>1998</u>	<u>1997</u>
Demand deposits	\$2,117,200	\$2,062,864
Certificate of deposits	<u>0</u>	<u>1,000,000</u>
Total deposits	<u>2,117,200</u>	<u>3,062,864</u>
Treasury Notes	4,938,460	996,919
Repurchase Agreements	<u>2,270,499</u>	<u>4,012,174</u>
Total investments	<u>7,208,959</u>	<u>5,009,093</u>
Total deposits and investments	<u>\$9,326,159</u>	<u>\$8,071,957</u>

**Deposits:** Deposits are either insured by the Federal Depository Insurance Corporation, collateralized by securities specifically pledged by the financial institution to the Township, or collateralized by the financial institution's public entity deposit pool.

**Investments:** U.S. Treasury Notes are held in book-entry form by the Federal Reserve, in the name of the Township's financial institution. The financial institution maintains records identifying the Township as owner of these securities.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 1998 and December 31, 1997 follows:

**1998 Budgeted vs. Actual Receipts**

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$1,336,716	\$1,855,575	\$518,859
Special Revenue	3,592,538	3,532,980	2,196,264
Fiduciary	<u>46</u>	<u>40</u>	<u>(6)</u>
Total	<u>\$4,929,300</u>	<u>\$5,388,595</u>	<u>\$459,295</u>

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1998 AND 1997  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

**1998 Budgeted vs. Actual Budgetary Basis Expenditures**

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$6,845,274	\$1,056,559	\$5,788,715
Special Revenue	6,149,900	3,092,519	3,057,381
Fiduciary	<u>1,586</u>	<u>0</u>	<u>1,586</u>
Total	<u>\$12,996,760</u>	<u>\$4,149,078</u>	<u>\$8,847,682</u>

**1997 Budgeted vs. Actual Receipts**

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$1,265,979	\$1,500,022	\$234,043
Special Revenue	3,384,874	3,226,457	(158,417)
Fiduciary	<u>45</u>	<u>43</u>	<u>(2)</u>
Total	<u>\$4,650,898</u>	<u>\$4,726,522</u>	<u>\$75,624</u>

**1997 Budgeted vs. Actual Budgetary Basis Expenditures**

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$5,872,533	\$599,230	\$5,273,303
Special Revenue	5,958,161	3,236,720	2,721,441
Fiduciary	<u>1,589</u>	<u>0</u>	<u>1,589</u>
Total	<u>\$11,832,283</u>	<u>\$3,835,950</u>	<u>\$7,996,333</u>

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Township's Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1998 AND 1997**  
**(Continued)**

**4. PROPERTY TAX (Continued)**

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

**5. RETIREMENT SYSTEMS**

The Township's firefighters belong to the Police & Firemen's Disability & Pension Funds (PFDPF). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PFDPF and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 1998 and 1997, members of PFDPF contributed 10% of their wages to the PFDPF. The Township contributed an amount equal to 24% of their wages. PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 1998.

**6. RISK MANAGEMENT**

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions
- Public Officials Liability Insurance

The Township also provides health insurance and dental and vision coverage to full-time employees through a private carrier.

**7. YEAR 2000 ISSUE**

The year 2000 issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the Township's operations as early as fiscal year 1999.

Systems determined by the Township to be mission critical are the accounting and financial reporting, and payroll processing systems; and systems for summarization of budget vs. actual receipt and disbursement activity.

The Township contracts with the Auditor of State for provision of the accounting, financial reporting, and budgetary tracking systems through the Auditor of State's Uniform Accounting Network. It is the responsibility of the Auditor of State for remediation and testing of this system.

**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1998 AND 1997**  
**(Continued)**

**7. YEAR 2000 ISSUE (Continued)**

The Township contracts with Automatic Data Processing (ADP) for payroll processing. The Township has received written assurances from this vendor they believe their systems are currently Year 2000 compliant.

In addition, the Township receives significant levels of intergovernmental receipts from Franklin County and the State of Ohio in the form of property tax receipts and various state and local grants. The responsibility for remediation and testing of these systems rests with these respective governments.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the Township is or will be Year 2000 ready, that the Township's remediation efforts will be successful in whole or in part, or that parties with whom the Township does business will be year 2000 ready.





**STATE OF OHIO  
OFFICE OF THE AUDITOR**

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL  
CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Board of Trustees  
Norwich Township  
Franklin County  
4164 Avery Road  
Hilliard, Ohio 43026

We have audited the accompanying financial statements of Norwich Township, Franklin County, Ohio (the Township), as of and for the years ended December 31, 1998 and December 31, 1997, and have issued our report thereon dated August 13, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

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 grants, 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 that we have reported to management of the Township in a separate letter dated August 13, 1999.

**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 opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a 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 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 other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated August 13, 1999.

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

**JIM PETRO**  
Auditor of State

August 13, 1999



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**NORWICH TOWNSHIP**

**FRANKLIN 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 18, 2000**