

**BLENDON TOWNSHIP  
FRANKLIN COUNTY, OHIO**

*Financial Statements  
(Audited)*

For The Years Ended  
December 31, 2004 and 2003

**WADE L. ESTEP, CLERK**





**Auditor of State  
Betty Montgomery**

Board of Trustees  
Blendon Township  
6330 Hempstead Road  
Westerville, Ohio 43081

We have reviewed the *Independent Accountants' Report* of Blendon Township, Franklin County, prepared by Julian & Grube, Inc., for the audit period January 1, 2003 through December 31, 2004. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Accountants' Report* on your financial statements. While the Auditor of State 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. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Accountants' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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. Blendon Township, Franklin County 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 29, 2005

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**BLENDON TOWNSHIP  
FRANKLIN COUNTY, OHIO**

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# JULIAN & GRUBE, INC.

“SERVING OHIO LOCAL GOVERNMENTS”

333 County Line Rd. West  
Westerville, Ohio 43082

Telephone 614.846.1899  
Facsimile 614.846.2799

## Independent Accountant's Report

Blendon Township  
Franklin County  
6330 Hempstead Road  
Westerville, Ohio 43081

We have audited the accompanying financial statements of Blendon Township, Franklin County, as of and for the years ended December 31, 2004 and 2003. These financial statements are the responsibility of Blendon Township 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 that our audit provides a reasonable basis for our opinion.

As discussed more fully in Note 2, Blendon Township 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 Blendon Township to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the combined funds the accompanying financial statements present for 2004 (and 2003), the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2004. While Blendon Township 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. Blendon Township has elected not to reformat its statements. Since Blendon Township 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.

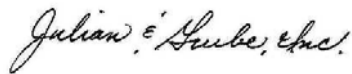
In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 2004 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial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

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash receipts and disbursements, combined budgeted and actual receipts and budgeted and actual disbursements and encumbrances for the years then ended on the basis of accounting Note 2 describes.

Independent Accountant's Report  
Blendon Township  
Page 2

The aforementioned revision to generally accepted accounting principles also requires Blendon Township to include Management's Discussion and Analysis for the year ended December 31, 2004. Blendon Township has not presented Management's Discussion and Analysis, 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 August 12, 2005, on our consideration of Blendon 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. 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.



Julian & Grube, Inc.  
August 12, 2005

**BLENDON TOWNSHIP  
FRANKLIN COUNTY, OHIO**

COMBINED STATEMENT OF CASH FUND BALANCES  
ALL FUND TYPES  
DECEMBER 31, 2004 AND 2003

| <u>Cash and Investments</u>     | <u>2004</u>         | <u>2003</u>         |
|---------------------------------|---------------------|---------------------|
| Cash and Cash Equivalents       | \$ 1,310,020        | \$ 1,887,208        |
| Investments                     | <u>3,871,643</u>    | <u>3,340,943</u>    |
| Total Cash and Investments      | <u>\$ 5,181,663</u> | <u>\$ 5,228,151</u> |
| <br><u>Cash Fund Balances</u>   |                     |                     |
| <u>Governmental Fund Types:</u> |                     |                     |
| General Fund                    | \$ 3,884,918        | \$ 3,949,021        |
| Special Revenue Funds           | 1,286,533           | 1,271,406           |
| Debt Service Fund               | <u>2,464</u>        | <u>-</u>            |
| Total Governmental Fund Types   | <u>5,173,915</u>    | <u>5,220,427</u>    |
| <br><u>Fiduciary Fund Type:</u> |                     |                     |
| Nonexpendable Trust             | <u>7,748</u>        | <u>7,724</u>        |
| Total Fund Balances             | <u>\$ 5,181,663</u> | <u>\$ 5,228,151</u> |

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.



**BLENDON TOWNSHIP  
FRANKLIN COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN CASH FUND BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2004

|  | Governmental Fund Types |                     |                 | Total<br>(Memorandum<br>Only) |
|--|-------------------------|---------------------|-----------------|-------------------------------|
|  | General                 | Special<br>Revenue  | Debt<br>Service |                               |
| Cash receipts:   |                         |                     |                 |                               |
| Local taxes  | \$ 71,038               | \$ 2,231,925        | \$ 30,772       | \$ 2,333,735                  |
| Intergovernmental  | 599,636                 | 322,266             | 4,958           | 926,860                       |
| Special assessments  | -                       | 39,022              | -               | 39,022                        |
| Charges for services   | 74,731                  | -                   | -               | 74,731                        |
| Fines, licenses, and permits   | 70,379                  | 76,364              | -               | 146,743                       |
| Interest   | 47,723                  | 8,617               | -               | 56,340                        |
| Miscellaneous  | -                       | 39,745              | -               | 39,745                        |
| Total cash receipts  | <u>863,507</u>          | <u>2,717,939</u>    | <u>35,730</u>   | <u>3,617,176</u>              |
| Cash disbursements:  |                         |                     |                 |                               |
| Current:   |                         |                     |                 |                               |
| General government   | 319,882                 | -                   | -               | 319,882                       |
| Public safety  | -                       | 2,618,446           | -               | 2,618,446                     |
| Public works   | -                       | 399,169             | -               | 399,169                       |
| Health   | 29,152                  | 92,728              | -               | 121,880                       |
| Human Services   | 160,022                 | -                   | -               | 160,022                       |
| Capital outlay   | 72,955                  | 37,119              | -               | 110,074                       |
| Debt service:  |                         |                     |                 |                               |
| Principal retirement   | -                       | -                   | 15,700          | 15,700                        |
| Interest and fiscal charges  | -                       | -                   | 21,566          | 21,566                        |
| Total cash disbursements   | <u>582,011</u>          | <u>3,147,462</u>    | <u>37,266</u>   | <u>3,766,739</u>              |
| Total cash receipts over/(under) cash disbursements  | <u>281,496</u>          | <u>(429,523)</u>    | <u>(1,536)</u>  | <u>(149,563)</u>              |
| Other financing receipts/(disbursements):  |                         |                     |                 |                               |
| Operating transfers in   | -                       | 350,000             | 4,000           | 354,000                       |
| Operating transfers out  | (354,000)               | -                   | -               | (354,000)                     |
| Other sources  | 8,401                   | 94,650              | -               | 103,051                       |
| Total other financing receipts/(disbursements)   | <u>(345,599)</u>        | <u>444,650</u>      | <u>4,000</u>    | <u>103,051</u>                |
| Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements | (64,103)                | 15,127              | 2,464           | (46,512)                      |
| Cash fund balances, January 1, 2004  | <u>3,949,021</u>        | <u>1,271,406</u>    | <u>-</u>        | <u>5,220,427</u>              |
| Cash fund balances, December 31, 2004  | <u>\$ 3,884,918</u>     | <u>\$ 1,286,533</u> | <u>\$ 2,464</u> | <u>\$ 5,173,915</u>           |

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**BLENDON TOWNSHIP  
FRANKLIN COUNTY, OHIO**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN CASH  
FUND BALANCES - FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2004

|   | <u>Fiduciary<br/>Fund Type</u> |
|---|--------------------------------|
|   | <u>Nonexpendable<br/>Trust</u> |
| Operating cash receipts:                  |                                |
| Interest                                  | \$ 24                          |
| Total operating cash receipts             | <u>24</u>                      |
| Net cash receipts over cash disbursements | 24                             |
| Cash fund balances, January 1, 2004       | <u>7,724</u>                   |
| Cash fund balances, December 31, 2004     | <u><u>\$ 7,748</u></u>         |

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**BLENDON TOWNSHIP  
FRANKLIN COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
AND ENCUMBRANCES COMPARED WITH EXPENDITURE  
AUTHORITY - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2004

| Fund Types                 | Receipts                                    |                     |                                 |                         |  | Disbursements                             |                        |                     |                              |  |                     |  |
|----------------------------|---|---------------------|---------------------------------|-------------------------|--|---|------------------------|---------------------|------------------------------|--|---------------------|--|
|                            | County<br>Certified<br>Unencumbered<br>Cash | Budget              | Total<br>Estimated<br>Resources | Actual 2004<br>Receipts | Variance<br>Favorable<br>(Unfavorable) | Prior Year<br>Carryover<br>Appropriations | 2004<br>Appropriations | Total               | Actual 2004<br>Disbursements | Encumbrances<br>Outstanding<br>at 12/31/04 | Total               | Variance<br>Favorable<br>(Unfavorable) |
| Governmental:              |   |                     |                                 |                         |  |   |                        |                     |                              |  |                     |  |
| General                    | \$ 3,935,093                                | \$ 810,965          | \$ 4,746,058                    | \$ 871,908              | \$ 60,943                              | \$ 13,928                                 | \$ 1,283,750           | \$ 1,297,678        | \$ 936,011                   | \$ -                                       | \$ 936,011          | \$ 361,667                             |
| Special Revenue            | 1,230,051                                   | 3,163,571           | 4,393,622                       | 3,162,589               | (982)                                  | 41,355                                    | 3,624,500              | 3,665,855           | 3,147,462                    | -  | 3,147,462           | 518,393                                |
| Debt Service               | -   | 39,731              | 39,731                          | 39,370                  | (361)                                  | -   | 38,000                 | 38,000              | 37,266                       | -  | 37,266              | 734                                    |
| Fiduciary:                 |   |                     |                                 |                         |  |   |                        |                     |                              |  |                     |  |
| Nonexpendable              | 7,724                                       | 30                  | 7,754                           | 24                      | (6)                                    | -   | 2,000                  | 2,000               | -                            | -  | -                   | 2,000                                  |
| Total<br>(Memorandum Only) | <u>\$ 5,172,868</u>                         | <u>\$ 4,014,297</u> | <u>\$ 9,187,165</u>             | <u>\$ 4,073,891</u>     | <u>\$ 59,594</u>                       | <u>\$ 55,283</u>                          | <u>\$ 4,948,250</u>    | <u>\$ 5,003,533</u> | <u>\$ 4,120,739</u>          | <u>\$ -</u>                                | <u>\$ 4,120,739</u> | <u>\$ 882,794</u>                      |

**BLENDON TOWNSHIP  
FRANKLIN COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN CASH FUND BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2003

|  | Governmental Fund Types |                     | Total<br>(Memorandum<br>Only) |
|--|-------------------------|---------------------|-------------------------------|
|  | General                 | Special<br>Revenue  |                               |
| Cash receipts:   |                         |                     |                               |
| Local taxes  | \$ 68,286               | \$ 2,378,509        | \$ 2,446,795                  |
| Intergovernmental  | 527,738                 | 331,314             | 859,052                       |
| Special assessments  | -                       | 1,033               | 1,033                         |
| Charges for services   | 95,073                  | -                   | 95,073                        |
| Fines, licenses and permits  | 63,466                  | 76,479              | 139,945                       |
| Interest   | 62,322                  | 15,483              | 77,805                        |
| Miscellaneous  | 5,240                   | 36,063              | 41,303                        |
| Total cash receipts  | <u>822,125</u>          | <u>2,838,881</u>    | <u>3,661,006</u>              |
| Cash disbursements:  |                         |                     |                               |
| Current:   |                         |                     |                               |
| General government   | 322,946                 | -                   | 322,946                       |
| Public safety  | 6,000                   | 2,588,662           | 2,594,662                     |
| Public works   | -                       | 423,768             | 423,768                       |
| Health   | 29,939                  | 108,545             | 138,484                       |
| Human services   | 181,826                 | -                   | 181,826                       |
| Capital outlay   | 129,592                 | 203,431             | 333,023                       |
| Total cash disbursements   | <u>670,303</u>          | <u>3,324,406</u>    | <u>3,994,709</u>              |
| Total cash receipts over/(under) cash disbursements  | <u>151,822</u>          | <u>(485,525)</u>    | <u>(333,703)</u>              |
| Other financing receipts/(disbursements):  |                         |                     |                               |
| Operating transfers in   | -                       | 400,000             | 400,000                       |
| Operating transfers out  | (400,000)               | -                   | (400,000)                     |
| Other sources  | 5,499                   | 129,022             | 134,521                       |
| Total other financing receipts/(disbursements)   | <u>(394,501)</u>        | <u>529,022</u>      | <u>134,521</u>                |
| Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements | (242,679)               | 43,497              | (199,182)                     |
| Cash fund balances, January 1, 2003  | <u>4,191,700</u>        | <u>1,227,909</u>    | <u>5,419,609</u>              |
| Cash fund balances, December 31, 2003  | <u>\$ 3,949,021</u>     | <u>\$ 1,271,406</u> | <u>\$ 5,220,427</u>           |

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**BLENDON TOWNSHIP  
FRANKLIN COUNTY, OHIO**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN CASH  
FUND BALANCES - FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2003

|                                       | Fiduciary<br>Fund Type |
|---------------------------------------|------------------------|
|                                       | Nonexpendable<br>Trust |
| Operating cash receipts:              |                        |
| Interest                              | \$ 34                  |
| Total operating cash receipts         | 34                     |
| Net cash receipts over disbursements  | 34                     |
| Cash fund balances, January 1, 2003   | 7,690                  |
| Cash fund balances, December 31, 2003 | \$ 7,724               |

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**BLENDON TOWNSHIP  
FRANKLIN COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
AND ENCUMBRANCES COMPARED WITH EXPENDITURE  
AUTHORITY - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2003

| Fund Types                 | Receipts                                    |              |                                 |                         |  | Disbursements                             |                        |              |                              |  |              |  |
|----------------------------|---|--------------|---------------------------------|-------------------------|--|---|------------------------|--------------|------------------------------|--|--------------|--|
|                            | County<br>Certified<br>Unencumbered<br>Cash | Budget       | Total<br>Estimated<br>Resources | Actual 2003<br>Receipts | Variance<br>Favorable<br>(Unfavorable) | Prior Year<br>Carryover<br>Appropriations | 2003<br>Appropriations | Total        | Actual 2003<br>Disbursements | Encumbrances<br>Outstanding<br>at 12/31/03 | Total        | Variance<br>Favorable<br>(Unfavorable) |
| Governmental:              |   |              |                                 |                         |  |   |                        |              |                              |  |              |  |
| General                    | \$ 4,191,700                                | \$ 948,990   | \$ 5,140,690                    | \$ 827,624              | \$ (121,366)                           | \$ -                                      | \$ 1,369,984           | \$ 1,369,984 | \$ 1,070,303                 | \$ 13,928                                  | \$ 1,084,231 | \$ 285,753                             |
| Special Revenue            | 1,224,222                                   | 3,336,428    | 4,560,650                       | 3,367,903               | 31,475                                 | 3,687                                     | 3,860,500              | 3,864,187    | 3,324,406                    | 41,355                                     | 3,365,761    | 498,426                                |
| Fiduciary:                 |   |              |                                 |                         |  |   |                        |              |                              |  |              |  |
| Nonexpendable              | 7,690                                       | 200          | 7,890                           | 34                      | (166)                                  | -   | 2,000                  | 2,000        | -                            | -  | -            | 2,000                                  |
| Total<br>(Memorandum Only) | \$ 5,423,612                                | \$ 4,285,618 | \$ 9,709,230                    | \$ 4,195,561            | \$ (90,057)                            | \$ 3,687                                  | \$ 5,232,484           | \$ 5,236,171 | \$ 4,394,709                 | \$ 55,283                                  | \$ 4,449,992 | \$ 786,179                             |

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**BLENDON TOWNSHIP  
FRANKLIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

**NOTE 1 - DESCRIPTION OF THE ENTITY**

Blendon Township, Franklin County, Ohio, (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 road and bridge maintenance, police protection and cemetery maintenance. The Township contracts with the City of Westerville to provide fire services and 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**

The most significant of the Township's accounting policies are described below.

**A. BASIS OF PRESENTATION - FUND ACCOUNTING**

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

Governmental Fund 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 Fund Type

These funds are used to account for proceeds of specific revenue sources (other than from trusts or for capital projects) that are legally restricted to expenditure for specific purposes.

The Township had the following significant special revenue funds:

*Police District Fund* - This fund receives property tax money for providing police services.

*Fire Fund* - This fund receives property tax money for providing fire services through the City of Westerville.

**BLENDON TOWNSHIP  
FRANKLIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

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

Debt Service Fund

This fund is used to accumulate resources for the payment of indebtedness. The Township had the following significant debt service fund:

*Bond Retirement* - This fund accumulates tax monies for the payment to the City of Westerville for the Township's portion of the new fire station.

Fiduciary Funds (Trust Fund)

This fund is used to account for resources restricted by legally binding trust agreements. The Township had the following fiduciary fund:

*Cemetery Bequest Fund (Non-expendable trust)* - This fund receives restricted donations. Interest earned may be used to maintain graves in the cemetery.

**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).

**C. BUDGETARY PROCESS**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. The primary level of budgetary control is at the item level within a department and fund. Any budgetary modifications at this level may only be made by resolution of the Township's Board of Trustees. The Township had several budget modifications throughout the years ended December 31, 2004 and 2003.



**BLENDON TOWNSHIP  
FRANKLIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

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

*Tax Budget:*

A budget of estimated cash receipts and disbursements is submitted to the County Auditor, as secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year. All funds, except certain agency funds, are legally required to be budgeted. The expressed purpose of the tax budget is to reflect the need for existing (or increased) tax rates.

*Estimated Resources:*

The County Budget Commission determines if the budget substantiates a need to levy the full amount of authorized property tax rates and reviews receipt estimates. The County Budget Commission certifies its actions to the Township by September 1. As part of this certification, the Township receives the official certificate of estimated resources, which states the projected receipts of each fund. On or about January 1, the certificate is amended to include unencumbered fund balances at December 31 of the preceding year. Further amendments may be made during the year if the Township determines that receipts collected will be greater than or less than the prior estimates and the Budget Commission find the revised estimates to be reasonable. Prior to December 31, the Township must revise its budget so that the total contemplated expenditures from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure.

*Appropriations:*

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the function 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.

*Encumbrances:*

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be re-appropriated. The Township had outstanding encumbrances at December 31, 2004 and 2003.

**BLENDON TOWNSHIP  
FRANKLIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

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

**D. CASH AND CASH EQUIVALENTS AND INVESTMENTS**

For reporting purposes, the Township considers "Cash and Cash Equivalents" to be cash on hand, demand deposits, and all investments held by the Township with a maturity date less than or equal to three months from the date of purchase. Interest income earned and received by the Township totaled \$56,364 and \$77,839 for the years ended December 31, 2004 and 2003, respectively.

**E. PROPERTY, PLANT AND EQUIPMENT**

Capital assets are not capitalized in any of the Township's funds. Instead, capital acquisition and construction costs are reflected as expenditures in the fund in the year expended. The costs of normal maintenance and repairs are also expended, along with improvements. Depreciation is not recorded by the Township.

**F. 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 basis of accounting used by the Township.

**G. INTERGOVERNMENTAL REVENUES**

Intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursable basis are recorded when received in accordance with the Township's cash basis method of accounting.

**I. INTERFUND TRANSACTIONS**

During the course of normal operations, the Township had transactions between funds. The most significant include transfers of resources from one fund to another fund. The resources transferred are to be expended for operations by the necessary fund and are recorded as operating transfers.

**H. TOTAL COLUMNS ON FINANCIAL STATEMENTS**

Total columns on the financial statements are captioned "Total (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Interfund-type eliminations have not been made in the aggregation of this data.

**BLENDON TOWNSHIP  
FRANKLIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

**NOTE 3 - CASH AND CASH INVESTMENTS**

The Township maintains a cash and investment pool used by all funds except the non-expendable trust fund which is maintained in a segregated bank account. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

|                                | <u>2004</u>                | <u>2003</u>                |
|--------------------------------|----------------------------|----------------------------|
| Deposits:                      |                            |                            |
| Demand deposits                | \$ 1,302,856               | \$ 1,883,989               |
| Money market                   | <u>7,164</u>               | <u>3,219</u>               |
| Total Deposits                 | <u>1,310,020</u>           | <u>1,887,208</u>           |
| US Treasury Notes              | 3,771,643                  | 3,340,943                  |
| Certificates of deposit        | <u>100,000</u>             | <u>-</u>                   |
| Total investments              | <u>3,871,643</u>           | <u>3,340,943</u>           |
| Total deposits and investments | <u><u>\$ 5,181,663</u></u> | <u><u>\$ 5,228,151</u></u> |

*Deposits:* Deposits are either (1) insured by the Federal Depository Insurance Corporation or (2) 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. The Township's financial institution transfers securities to the Township's agent to collateralize repurchase agreements. The securities are not in the Township's name.

**BLENDON TOWNSHIP  
FRANKLIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

**NOTE 4 - INTERFUND TRANSACTIONS**

The Township had the following interfund transactions for the year ended December 31, 2004 and 2003:

| <u>Fund Type/Fund</u>         | <u>Transfer In</u> | <u>Transfer Out</u> |
|-------------------------------|--------------------|---------------------|
| <u>2004:</u>                  |                    |                     |
| General Fund                  | \$ -               | \$ 354,000          |
| <u>Special Revenue Funds:</u> |                    |                     |
| Road and Bridge               | 150,000            | -                   |
| Police District               | 200,000            | -                   |
| Total Special Revenue         | <u>350,000</u>     | <u>354,000</u>      |
| <u>Debt Service</u>           |                    |                     |
| Bond Retirement               | <u>4,000</u>       | -                   |
| Total                         | <u>\$ 354,000</u>  | <u>\$ 354,000</u>   |
| <br>                          |                    |                     |
| <u>Fund Type/Fund</u>         | <u>Transfer In</u> | <u>Transfer Out</u> |
| <u>2003:</u>                  |                    |                     |
| General Fund                  | \$ -               | \$ 400,000          |
| <u>Special Revenue Funds:</u> |                    |                     |
| Road and Bridge               | 225,000            | -                   |
| Cemetary                      | 25,000             | -                   |
| Police District               | 150,000            | -                   |
| Total Special Revenue Funds   | <u>400,000</u>     | <u>-</u>            |
| Total                         | <u>\$ 400,000</u>  | <u>\$ 400,000</u>   |

The transfers for the years ended December 31, 2004 and 2003 were made in accordance with the Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

**BLENDON TOWNSHIP  
FRANKLIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

**NOTE 5 - PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the 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 payments, the first half is due December 31. The second half payment is due on the following June 20.

Public utilities are also taxed on personal and real property located within the Township.

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.

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

**NOTE 6 - DEBT OBLIGATIONS**

During the year ended December 31, 2004, the Township levied debt to provide tax monies to be remitted to the City of Westerville as their portion of the fire station improvements. The Township receives tax monies which are then remitted to the City of Westerville as principal and interest payments recorded in the Debt Service Fund. At December 31, 2004, debt obligations consisted of the following issuance:

| <u>Description</u>   | <u>Balance at<br/>12/31/04</u> | <u>Balance at<br/>12/31/03</u> |
|--|--------------------------------|--------------------------------|
| City of Westerville, Ohio for fire station construction, due in semi-annual installments of varying amounts through 2022, bearing interest at 5.50%. | <u>\$ 409,300</u>              | <u>\$ 425,000</u>              |

Transactions for the years ended December 31, 2004 and 2003 are summarized as follows:

|                     | <u>Balance<br/>01/01/04</u> | <u>Proceeds</u> | <u>Retirements</u> | <u>Balance at<br/>12/31/04</u> |
|---------------------|-----------------------------|-----------------|--------------------|--------------------------------|
| City of Westerville | <u>\$ 425,000</u>           | <u>\$ -</u>     | <u>\$ (15,700)</u> | <u>\$ 409,300</u>              |

**BLENDON TOWNSHIP  
FRANKLIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

**NOTE 6 - DEBT OBLIGATIONS - (Continued)**

|                     | Balance<br>01/01/03 | Non-Cash<br>Proceeds | Retirements | Balance at<br>12/31/03 |
|---------------------|---------------------|----------------------|-------------|------------------------|
| City of Westerville | <u>\$ -</u>         | <u>\$425,000</u>     | <u>\$ -</u> | <u>\$ 425,000</u>      |

The principal and interest requirements to retire the debt obligations outstanding at December 31, 2004, are as follows:

| Year Ending<br>December 31, | City of Westerville |            |
|-----------------------------|---------------------|------------|
|                             | Principal           | Interest   |
| 2005                        | \$ 15,700           | \$ 15,862  |
| 2006                        | 16,200              | 15,507     |
| 2007                        | 16,800              | 15,237     |
| 2008                        | 16,800              | 14,851     |
| 2009                        | 17,300              | 14,363     |
| 2010 - 2014                 | 95,900              | 62,695     |
| 2015 - 2019                 | 117,000             | 41,918     |
| 2020 - 2022                 | 113,600             | 13,454     |
| Totals                      | \$ 409,300          | \$ 193,887 |

**NOTE 7 - RETIREMENT SYSTEMS**

The Township's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost sharing, multiple-employer plan. This plan provides retirement benefits, including post-retirement 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 2004 and 2003, members of OPERS participants contributed 8.5% and 10% of their wages. The Township contributed an amount equal to 13.55% and 16.77% of their wages to OPERS. The Township has paid all contributions required through December 31, 2004 and 2003.

**BLENDON TOWNSHIP  
FRANKLIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

**NOTE 8 - 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 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 occurrence. Claims exceeding \$250,000 are reinsured with APEEP up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000, which the General Reinsurance Corporation will reinsure.

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. The Travelers Indemnity Company also provides aggregate excess coverage for property including automobile physical damage subject to an annual stop loss. When the stop loss is reached in any year, The Travelers Indemnity Company provides coverage in excess of \$10,000.

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 government.

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, which is the latest information available:

**BLENDON TOWNSHIP  
FRANKLIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

**NOTE 8 - RISK MANAGEMENT - (Continued)**

| <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> |
|                          |                      |                      |
| <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>  |

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

**NOTE 9 - CONTINGENT LIABILITIES**

The Township is not currently involved in litigation.



# JULIAN & GRUBE, INC.

“SERVING OHIO LOCAL GOVERNMENTS”

333 County Line Rd. West  
Westerville, Ohio 43082

Telephone 614.846.1899  
Facsimile 614.846.2799

## **Independent Accountant’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards***

Blendon Township  
Franklin County  
6330 Hempstead Road  
Westerville, Ohio 43081

We have audited the financial statements of Blendon Township as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated August 12, 2005, wherein we noted Blendon Township 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

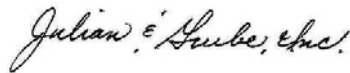
In planning and performing our audit, we considered Blendon Township’s internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal 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 to be material weaknesses. However, we noted certain matters involving the internal control over financial reporting that we have reported to the management of Blendon Township in a separate letter dated August 12, 2005.

Board of Trustees  
Blendon Township

Compliance and Other Matters

As part of reasonably assuring whether Blendon 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, 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 that are required to be reported under *Government Auditing Standards*. However, we noted a certain matter involving compliance and other matters that we have reported to the management of Blendon Township in a separate letter dated August 12, 2005.

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



Julian & Grube, Inc.  
August 12, 2005



**Auditor of State  
Betty Montgomery**

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P.O. Box 1140  
Columbus, Ohio 43216-1140

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800-282-0370

Facsimile 614-466-4490

**BLENDON 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  
OCTOBER 18, 2005**