

**NORWICH TOWNSHIP  
FRANKLIN COUNTY, OHIO**

*Financial Statements  
(Audited)*

For The Years Ended  
December 31, 2004 and 2003

**LINDA GILL, CLERK**





**Auditor of State  
Betty Montgomery**

Village Council  
Norwich Township  
4164 Avery Road  
Hilliard, Ohio 43026

We have reviewed the *Independent Accountant's Report* of Norwich 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's Office (AOS). Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Accountant's Report* on your financial statements. While the 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. 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 Accountant's Report* also includes an opinion on the financial statements using the regulatory format the AOS 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. Norwich Township is responsible for compliance with these laws and regulations.

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

BETTY MONTGOMERY  
Auditor of State

October 12, 2005

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**NORWICH TOWNSHIP  
FRANKLIN COUNTY, OHIO**

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“SERVING OHIO LOCAL GOVERNMENTS”

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Westerville, Ohio 43082

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## Independent Accountant’s Report

Norwich Township  
Franklin County  
4164 Avery Road  
Hillard, Ohio 43026

We have audited the accompanying financial statements of Norwich Township (the “Township”), Franklin County, as of and for the years ended December 31, 2004 and 2003. 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 audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards* issued by Comptroller General of the United States. 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 described more fully in Note 2, the Township prepared these financial statement 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 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 the 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. The Township has elected not to reformat its statements. Since this 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 Norwich 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 fund balances of Norwich Township, Franklin County, as of and for the years ended December 31, 2004 and 2003, and its combined cash receipts and disbursements and combined budgeted and actual receipts and budgeted and actual disbursements and encumbrances for the years then ended on the basis of accounting described in Note 2.

Independent Accountant's Report  
Norwich Township  
Page 2

The aforementioned revision to generally accepted accounting principles also requires the Township to include Management's Discussion and Analysis for the year ended December 31, 2004. The Township has not represented 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 September 1, 2005, 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. 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.  
September 1, 2005

**NORWICH 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	\$ 144,077	\$ 149,763
Investments	<u>21,079,532</u>	<u>19,505,348</u>
Total Cash and Investments	<u>\$ 21,223,609</u>	<u>\$ 19,655,111</u>
 <u>Cash Fund Balances</u>		
<u>Governmental Fund Types:</u>		
General Fund	\$ 9,450,628	\$ 9,349,425
Special Revenue Funds	<u>11,770,983</u>	<u>10,303,692</u>
Total Governmental Fund Types	<u>21,221,611</u>	<u>19,653,117</u>
 <u>Fiduciary Fund:</u>		
Non-Expendable Trust	<u>1,998</u>	<u>1,994</u>
Total Fund Balances	<u>\$ 21,223,609</u>	<u>\$ 19,655,111</u>

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



**NORWICH TOWNSHIP  
FRANKLIN COUNTY, OHIO**

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

	Governmental Fund Types		Fiduciary Fund Type	Total (Memorandum Only)
	General	Special Revenue	Non-Expendable Trust	
Cash receipts:				
Local taxes	\$ 1,184,052	\$ 7,779,284	\$ -	\$ 8,963,336
Intergovernmental	640,953	946,150	-	1,587,103
Charges for services	-	483,268	-	483,268
Licenses, permits and fees	17,239	51,841	-	69,080
Fines and forfeitures	6,484	-	-	6,484
Interest	298,503	1,744	4	300,251
Miscellaneous	5,678	124,502	-	130,180
Total cash receipts	<u>2,152,909</u>	<u>9,386,789</u>	<u>4</u>	<u>11,539,702</u>
Cash disbursements:				
Current:				
General government	1,643,758	-	-	1,643,758
Public safety	156,191	7,538,063	-	7,694,254
Public works	22,330	17,803	-	40,133
Health	172,381	130,929	-	303,310
Capital outlay	53,569	237,703	-	291,272
Total cash disbursements	<u>2,048,229</u>	<u>7,924,498</u>	<u>-</u>	<u>9,972,727</u>
Total cash receipts over cash disbursements	<u>104,680</u>	<u>1,462,291</u>	<u>4</u>	<u>1,566,975</u>
Other financing receipts/(disbursements):				
Operating transfers in	-	5,000	-	5,000
Operating transfers out	(5,000)	-	-	(5,000)
Other sources	1,523	-	-	1,523
Total other financing receipts/(disbursements)	<u>(3,477)</u>	<u>5,000</u>	<u>-</u>	<u>1,523</u>
Excess of cash receipts and other financing receipts over cash disbursements and other financing disbursements	101,203	1,467,291	4	1,568,498
Cash fund balances, January 1, 2004	<u>9,349,425</u>	<u>10,303,692</u>	<u>1,994</u>	<u>19,655,111</u>
Cash fund balances, December 31, 2004	<u>\$ 9,450,628</u>	<u>\$ 11,770,983</u>	<u>\$ 1,998</u>	<u>\$ 21,223,609</u>

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

**NORWICH 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 Certified Unencumbered Cash	Budget	Total Estimated Resources	Actual 2004 Receipts	Variance Favorable (Unfavorable)	Prior Year Carryover Appropriations	2004 Appropriations	Total	Actual 2004 Disbursements	Encumbrances Outstanding at 12/31/04	Total	Variance Favorable (Unfavorable)
Governmental:												
General	\$ 10,352,211	\$ 1,622,438	\$ 11,974,649	\$ 2,154,432	\$ 531,994	\$ 208,655	\$ 11,960,226	\$ 12,168,881	\$ 2,053,229	\$ 152,931	\$ 2,206,160	\$ 9,962,721
Special Revenue	8,433,935	8,882,055	17,315,990	9,391,789	509,734	418,709	17,213,685	17,632,394	7,924,498	16,028	7,940,526	9,691,868
Fiduciary:												
Nonexpendable	-	12	12	4	(8)	-	-	-	-	-	-	-
Total (Memorandum Only)	\$ 18,786,146	\$ 10,504,505	\$ 29,290,651	\$ 11,546,225	\$ 1,041,720	\$ 627,364	\$ 29,173,911	\$ 29,801,275	\$ 9,977,727	\$ 168,959	\$ 10,146,686	\$ 19,654,589

**NORWICH TOWNSHIP  
FRANKLIN COUNTY, OHIO**

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

	Governmental Fund Types		Fiduciary Fund Type	Total (Memorandum Only)
	General	Special Revenue	Non-Expendable Trust	
Cash receipts:				
Local taxes	\$ 1,117,575	\$ 6,853,610	\$ -	\$ 7,971,185
Intergovernmental	327,771	906,562	-	1,234,333
Charges for services	-	169,271	-	169,271
Licenses, permits and fees	78,478	48,453	-	126,931
Fines and forfeitures	7,769	-	-	7,769
Interest	283,005	729	6	283,740
Miscellaneous	743	96,829	-	97,572
Total cash receipts	<u>1,815,341</u>	<u>8,075,454</u>	<u>6</u>	<u>9,890,801</u>
Cash disbursements:				
Current:				
General government	1,215,092	-	-	1,215,092
Public safety	207,794	6,404,844	-	6,612,638
Public works	17,200	189,133	-	206,333
Health	217,107	22,088	-	239,195
Capital outlay	75,832	3,684,387	-	3,760,219
Total cash disbursements	<u>1,733,025</u>	<u>10,300,452</u>	<u>-</u>	<u>12,033,477</u>
Total cash receipts over/(under) cash disbursements	<u>82,316</u>	<u>(2,224,998)</u>	<u>6</u>	<u>(2,142,676)</u>
Other financing receipts/(disbursements):				
Operating transfers in	-	21,558	-	21,558
Operating transfers out	(21,558)	-	-	(21,558)
Other sources	8,264	350	-	8,614
Total other financing receipts/(disbursements)	<u>(13,294)</u>	<u>21,908</u>	<u>-</u>	<u>8,614</u>
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	69,022	(2,203,090)	6	(2,134,062)
Cash fund balances, January 1, 2003	<u>9,280,403</u>	<u>12,506,782</u>	<u>1,988</u>	<u>21,789,173</u>
Cash fund balances, December 31, 2003	<u>\$ 9,349,425</u>	<u>\$ 10,303,692</u>	<u>\$ 1,994</u>	<u>\$ 19,655,111</u>

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

**NORWICH 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 Certified Unencumbered Cash	Budget	Total Estimated Resources	Actual 2003 Receipts	Variance Favorable (Unfavorable)	Prior Year Carryover Appropriations	2003 Appropriations	Total	Actual 2003 Disbursements	Encumbrances Outstanding at 12/31/03	Total	Variance Favorable (Unfavorable)
Governmental:												
General	\$ 8,838,279	\$ 1,824,379	\$ 10,662,658	\$ 1,823,605	\$ (774)	\$ 198,204	\$ 10,610,863	\$ 10,809,067	\$ 1,754,583	\$ 208,655	\$ 1,963,238	\$ 8,845,829
Special Revenue	7,798,147	10,947,522	18,745,669	8,097,362	(2,850,160)	3,996,305	18,745,455	22,741,760	10,300,452	418,709	10,719,161	12,022,599
Fiduciary:												
Nonexpendable	1,998	47	2,045	6	(41)	-	2,045	2,045	-	-	-	2,045
Total (Memorandum Only)	\$ 16,638,424	\$ 12,771,948	\$ 29,410,372	\$ 9,920,973	\$ (2,850,975)	\$ 4,194,509	\$ 29,358,363	\$ 33,552,872	\$ 12,055,035	\$ 627,364	\$ 12,682,399	\$ 20,870,473

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

**NORWICH TOWNSHIP  
FRANKLIN COUNTY, OHIO**

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

**NOTE 1 - DESCRIPTION OF THE ENTITY**

Norwich 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 road and bridge maintenance, cemetery maintenance, fire protection and emergency medical 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.

**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 type:

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 Funds

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 fund:

*Fire District Fund* - This fund receives fire levy funds for providing security of persons and property to township residents.

**NORWICH 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)**

Fiduciary Funds (Trust Funds)

These funds are used to account for resources restricted by legally binding trust agreements. The Township had the following fiduciary funds:

*Merris Weiler Trust Fund* - The initial endowment (corpus) of this fund is not expendable, the Township must use the interest earnings per the terms of the trust agreement.

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

**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.

**NORWICH 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:*

A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year for the period January to March 31. An annual appropriation measure must be passed by April 1 of each year for the period January 1 to December 31. The appropriations measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources.

*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.

**NORWICH 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 \$300,251 and \$283,740 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.

**H. 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.

**I. 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.



**NORWICH TOWNSHIP  
FRANKLIN COUNTY, OHIO**

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

**NOTE 3 - CASH AND CASH EQUIVALENTS AND INVESTMENTS**

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

	<u>2004</u>	<u>2003</u>
Deposits:		
Demand Deposits	\$ <u>144,077</u>	\$ <u>149,763</u>
Investments:		
U.S. Treasury Notes	10,572,306	10,339,924
Repurchase agreement	<u>10,507,226</u>	<u>9,165,424</u>
Total investments	<u>21,079,532</u>	<u>19,505,348</u>
Total deposits and investments	<u>\$ 21,223,609</u>	<u>\$ 19,655,111</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:* The Township overnight repurchase agreement is invested in Federal National Mortgage Association Notes. The Federal Government and Federal Agency securities 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 over owner of these securities.

State statutes permit the Township to invest in interim deposits in repurchase agreements, that is, an agreement in which the Township transfers cash to a financial institution; the financial institution transfers securities to the Township and promises to repay the cash plus interest in exchange for the same securities. The said securities are uninsured and unregistered and are held in book entry form by a third party, the Federal Reserve, in the name of the financial institution.

**NORWICH TOWNSHIP  
FRANKLIN COUNTY, OHIO**

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

**NOTE 4 - INTERFUND TRANSACTIONS**

The following is a summarized breakdown of the Township's operating transfers for 2004:

	<u>Transfers In</u>	<u>Transfers Out</u>
GENERAL FUND	\$ -	\$ 5,000
<u>SPECIAL REVENUE FUND:</u>		
Gasoline Tax	<u>5,000</u>	<u>-</u>
Totals	<u>\$ 5,000</u>	<u>\$ 5,000</u>

The Village had the following transfer for the year ended December 31, 2003:

	<u>Transfers In</u>	<u>Transfers Out</u>
GENERAL FUND	\$ -	\$ 21,558
<u>SPECIAL REVENUE FUNDS:</u>		
Gasoline Tax	<u>21,558</u>	<u>-</u>
Total	<u>\$ 21,558</u>	<u>\$ 21,558</u>

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

**NOTE 5 - PROPERTY TAX**

Real property taxes become a lien on January 1 proceeding 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.

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.

**NORWICH TOWNSHIP  
FRANKLIN COUNTY, OHIO**

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

**NOTE 6 - RETIREMENT SYSTEM**

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. The Township's Fire and Emergency Medical Services employees belong to the Police & Firemen's Disability & Pension Funds (OP&F).

Contribution rates are also prescribed by the Ohio Revised Code. For 2004 and 2003, OPERS members contribute 8.5% of their gross salaries. The Township contributes an amount equal to 13.55% of participants' gross salaries. For 2004 and 2003, the Township paid the employee (10%) and employer portion (24.84%) of the OP&F retirement contributions. The Township has paid all contributions required through December 31, 2004 and 2003.

**NOTE 7 - RISK MANAGEMENT**

**A. 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 claim, including loss adjustment expenses. 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.

**NORWICH TOWNSHIP  
FRANKLIN COUNTY, OHIO**

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

**NOTE 7 - RISK MANAGEMENT - (Continued)**

Property Coverage

OTARMA retains property risks, including automobile physical damage, up to \$10,000 on any specific loss with an annual aggregate of \$700,000 for 2001 and \$1,250,000 for 2002. The Travelers Indemnity Company reinsures losses exceeding \$10,000 if the annual aggregate is reached and all specific losses exceeding \$100,000. APEEP's Operating Fund and Guarantee Fund pay for losses and loss adjustment expenses should they exceed operating contributions.

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

<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>		
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>

**B. Medical Insurance**

During the year ended December 31, 2003 and through June of 2004, the Township provided health, vision, and dental to its employees through a benefits management agreement by and between the Township and Central Benefits, a third party administrator (TPA), a subsidiary of CenBen USA, dated May 1, 1998. The plan was funded by Township contributions. Actual claims are processed and deducted from the Township bank account. In July of 2004, the Township began providing health benefits to its employees through a private carrier, Guardian, a third party benefit management company.

**NORWICH TOWNSHIP  
FRANKLIN COUNTY, OHIO**

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

**NOTE 8 - CONTINGENT LIABILITIES**

The Township is not currently involved in litigation.

# JULIAN & GRUBE, INC.

“SERVING OHIO LOCAL GOVERNMENTS”

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Westerville, Ohio 43082

Telephone 614.846.1899  
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## **Independent Accountant’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards***

Norwich Township  
Franklin County  
4164 Avery Road  
Hilliard, Ohio 43026

We have audited the financial statements of Norwich Township as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated September 1, 2005, wherein we noted Norwich 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 Norwich 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 that are 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 Norwich Township in a separate letter dated September 1, 2005.

Board of Trustees  
Norwich Township

Compliance and Other Matters

As part of reasonably assuring whether Norwich 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 one instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2004-NT-001. We also noted other certain immaterial instances of noncompliance and other matters that we reported to the management of the Township in a separate letter dated September 1, 2005.

This report is intended for the information of the Trustees and management of Norwich Township, and is not intended to be and should not be used by anyone other than those specified.



Julian & Grube, Inc.  
September 1, 2005

**NORWICH TOWNSHIP  
FRANKLIN COUNTY, OHIO  
DECEMBER 31, 2004 AND 2003**

**SCHEDULE OF FINDINGS**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>	
Finding Number	2004-NT-001

It was noted during the audit that the Clerk and Trustees did not monitor the investing activity of either the investment advisor (United American Capital Corporation) or the holding company (Firststar/U.S. Bank) who serves as service providers to the Township. These service providers managed the Township's investments and provided ancillary services for the Township's investment portfolio of over ten million dollars. It was further noted that cost basis amounts were not properly recorded due to reinvestment of investment earnings. The audited financial statements have been adjusted for these figures.

The Clerk and Trustees should review and compare the Monthly Investment Report provided by United American Capital Corporation and trustee bank statements to ensure that only eligible investments have been entered into and that all earnings have been properly recognized.

Failure to monitor these reports may result in unallowable investments, unrecorded investment earnings, unreconciled bank to book balances, and possible theft without the timely detection of management.

We recommend the Clerk and Trustees monitor investment activity from the investment advisor and the holding company on a monthly basis.

*Client Response:* The Clerk is attempting to gain a better understanding of the Township investments and is making an effort to record interest as earned and update cost basis of investments.



**NORWICH TOWNSHIP  
FRANKLIN COUNTY, OHIO**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2004 AND 2003**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:</b>
2002-001	The Township Clerk should request an amended certificate of estimated resources when it becomes evident that sources of revenue will be insufficient to meet the estimated resources project for the year.	No	Finding now located in Management Letter
2002-002	The Township Clerk and Trustees should review and compare the monthly Investment Report provided by United American Capital Corporation to ensure only eligible investments have been entered into and that all earnings have been properly managed.	No	Not corrected, Shown as Finding 2004-NT-001





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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  
NOVEMBER 10, 2005**