



OHIO AUDITOR OF STATE
KEITH FABER



NORWICH TOWNSHIP
FRANKLIN COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Combined Statement of Cash Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types FYE 12/31/2020.....	5
Notes to the Financial Statements FYE 12/31/2020.....	6
Combined Statement of Cash Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types FYE 12/31/2019.....	15
Notes to the Financial Statements FYE 12/31/2019.....	16
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	23

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OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
(800) 282-0370

INDEPENDENT AUDITOR'S REPORT

Norwich Township
Franklin County
5181 Northwest Parkway
Hilliard, Ohio 43026

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements for each governmental fund type combined total as of and for the year ended December 31, 2020 and for each governmental fund type as of and for the year ended December 31, 2019, and related notes of the Norwich Township, Franklin County, Ohio (the Township).

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2020 and 2019, and the respective changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type combined total as of and for the year ended December 31, 2020 and for each governmental fund type as of and for the year ended December 31, 2019, and related notes of the Township, in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Emphasis of Matter

As discussed in Note 16 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 16, 2022, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Keith Faber". The signature is written in a cursive style with a large, stylized 'K' and 'F'.

Keith Faber
Auditor of State
Columbus, Ohio

February 16, 2022

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NORWICH TOWNSHIP, FRANKLIN COUNTY
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2020

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts			
Property and Other Local Taxes	\$1,583,334	\$12,122,583	\$13,705,917
Charges for Services	0	2,339,880	2,339,880
Licenses, Permits and Fees	27,466	76,465	103,931
Fines and Forfeitures	0	1,045	1,045
Intergovernmental	241,824	1,741,882	1,983,706
Earnings on Investments	149,746	7,894	157,640
Miscellaneous	969,611	331,357	1,300,968
<i>Total Cash Receipts</i>	<u>2,971,981</u>	<u>16,621,106</u>	<u>19,593,087</u>
Cash Disbursements			
Current:			
General Government	2,286,560	309,960	2,596,520
Public Safety	0	15,849,669	15,849,669
Public Works	0	133,113	133,113
Health	0	353,147	353,147
<i>Total Cash Disbursements</i>	<u>2,286,560</u>	<u>16,645,889</u>	<u>18,932,449</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>685,421</u>	<u>(24,783)</u>	<u>660,638</u>
Other Financing Receipts (Disbursements)			
Sale of Capital Assets	0	116,702	116,702
Transfers In	0	1,301,000	1,301,000
Transfers Out	(1,301,000)	0	(1,301,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(1,301,000)</u>	<u>1,417,702</u>	<u>116,702</u>
<i>Net Change in Fund Cash Balances</i>	<u>(615,579)</u>	<u>1,392,919</u>	<u>777,340</u>
<i>Fund Cash Balances, January 1</i>	<u>\$7,950,528</u>	<u>\$9,113,648</u>	<u>\$17,064,176</u>
<i>Fund Cash Balances, December 31, 2020</i>	<u><u>\$7,334,949</u></u>	<u><u>\$10,506,567</u></u>	<u><u>\$17,841,516</u></u>

Norwich Township
Franklin County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Norwich Township, Franklin County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the City of Hilliard to provide police services. The Township also contracts with the City of Dublin to provide fire and EMS dispatching services.

Public Entity Risk Pools

The Township participates in the Ohio Township Risk Management Authority (OTARMA), a risk sharing pool available to Ohio local governments. Note 7 to the financial statements provides additional information for this entity. The Township’s management believes these financial statements present all activities for which the Township is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Township’s financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types which are all organized on a fund type basis.

Fund Accounting

The Township uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Township are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

Fire Fund The fire district fund accounts for and reports the receipts of property tax monies restricted for the purpose of providing fire protection services to the residents of the Township.

Fire and Rescue, Ambulance and EMS Service Fund The fire and rescue, ambulance and EMS service fund accounts for and reports monies received for fire, rescue, and EMS service.

Police Fund The police district fund accounts for and reports the receipts of property tax monies restricted for the purpose of providing police protection services to the residents of the unincorporated area of the Township.

Norwich Township
Franklin County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 2 – Summary of Significant Accounting Policies (continued)

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

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 level of control and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. 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 approve 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 reappropriated.

A summary of 2020 budgetary activity appears in Note 3.

Deposits and Investments

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

Money market mutual funds are recorded at share values the mutual funds report. Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

Capital Assets

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

Norwich Township
Franklin County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 2 – Summary of Significant Accounting Policies (continued)

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Fund Balance

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

Nonspendable The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

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

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

For regulatory purposes, limited disclosure related to fund balance is included in Note 12.

Norwich Township
Franklin County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,694,245	\$2,971,981	\$277,736
Special Revenue	18,063,633	18,038,808	(24,825)
Total	\$20,757,878	\$21,010,789	\$252,911

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$4,985,700	\$4,571,022	\$414,678
Special Revenue	18,809,793	17,006,610	1,803,183
Total	\$23,795,493	\$21,577,632	\$2,217,861

Note 4 – Deposits and Investments

To improve cash management, cash received by the Township is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Township's deposit and investment accounts are as follows:

	2020
<i>Cash Management Pool:</i>	
Demand deposits	\$5,501,962
STAR Plus	2,531,814
Total deposits	8,033,776
STAR Ohio	4,406,004
Commerical Paper	534,158
Federal Agency Securities	4,867,578
Total investments	9,807,740
<i>Total carrying amount of deposits and investments held in the Pool</i>	\$17,841,516

The Township does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. As of December 31, 2020, the Township is holding \$0 in unremitted employee payroll withholdings.

Deposits are collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Norwich Township
Franklin County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 4 – Deposits and Investments (continued)

Investments

Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form. Investments in Commercial Paper and Federal Agency Securities are held in book-entry form by a third-party custodian. The third-party custodian maintains records identifying the Township as owner of these investments.

Note 5 – Property Taxes

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

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

Note 6 – Interfund Balances and Transfers

During the year, the Trustees authorized cash transfers from the General Fund totaling \$1,301,000. Transfers in the amount of \$701,000 to the Fire District Fund and \$150,000 to the Gasoline Fund for capital expenditures were made from the General Fund. In addition, the General Fund transferred \$300,000 to the Cemetery Fund and \$150,000 to the Police District Fund for operations and contracted services.

Note 7 – Risk Management

Workers' Compensation

Workers' Compensation coverage is provided by the State of Ohio. The Township pays the State Workers' Compensation System a premium based on a rate of 1.44 per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Risk Pool Membership

The Township is a member of the Ohio Township Association Risk Management Authority (the Pool). The Pool assumes the risk of loss up to the limits of the Township's policy. The Pool covers the following risks:

- | | |
|--|--|
| -General liability and casualty | - Property |
| - Public official's liability | - Equipment breakdown |
| - Excess liability | - Employee dishonesty and faithful performance |
| - Automobile liability and physical damage | - Cyber Liability |

Norwich Township
Franklin County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 7 – Risk Management (continued)

The Pool reported the following summary of assets and actuarially measured liabilities available to pay those liabilities as of December 31:

	<u>2020</u>
Cash and investments	\$36,348,066
Actuarial liabilities	\$ 10,894,146

The information reported is as of December 31, 2020 which is the most recent information available at the time the footnotes were prepared. Settlements have not exceeded coverage in the past three years. There has been no significant change to coverage limits in the past three years.

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

All of the Township employees, excluding full-time firefighters, belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Township contributed an amount equaling 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2020.

Ohio Police and Fire Retirement System

The Township's full-time firefighters belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Township contributed to OP&F an amount equal to 24 percent of full-time firefighters' wages. The Township has paid all contributions required through December 31, 2020.

Note 9 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2020. OP&F contributes 0.5 percent to fund these benefits.

Norwich Township
Franklin County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 9 – Postemployment Benefits (continued)

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

Note 10 – Construction and Contractual Commitments

Wesley Chapel Cemetery Expansion Project

The Township entered a construction contract totaling \$1,300,110 with Builderscape, Inc. for the Wesley Chapel Cemetery Expansion Project. As of December 31, 2020, this project is approximately 80 percent complete. Township's remaining balance is \$304,738, which has been encumbered.

Fire Storage Building Project

The Township entered a construction contract totaling \$828,000 with Classical Construction LLC for the Fire Storage Building Project. As of December 31, 2020, this project is approximately 20 percent complete and the Township's remaining balance is \$667,655, which has been encumbered.

Health Care Coverage

The Township is contractually required to provide health care coverage to all full-time firefighters. The Township contracts with Medical Mutual of Ohio (MMO) to provide medical, prescription and hospitalization coverage to all Township employees and their dependents. MMO is also contracted to provide third-party administration services related to the Township's high deductible plan. The Township is required to pay 100 percent of the cost of the premium.

Operating Lease

The Township leases a portion of the Township's Safety Services Building to the City of Hilliard (the City). The term of the lease is 30 years, extending to December 31, 2038. The lease calls for semi-annual lease payments of \$194,840. Upon completion of the initial lease term, the City has the option to renew the lease on a yearly basis at the cost of one dollar. Additionally, operating expenditures relating to the portion of the leased facility occupied by the City are paid by the Township and charged semi-annually to the City for reimbursement, as called for in the lease agreement.

Note 11 – Contingent Liabilities

The Township may be a defendant in lawsuits. Although management cannot presently determine the outcome of any suit, management believes that the resolution of any matter will not materially adversely affect the Township's financial condition.

Norwich Township
Franklin County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 12 – Fund Balances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end, the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Debt Service	Capital Projects	Permanent	Total
Nonspendable:						
Outstanding Encumbrances	983,462	360,721				1,344,183
Total	<u>\$983,462</u>	<u>\$360,721</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,344,183</u>

The fund balance of special revenue funds is either restricted or committed. In the general fund, outstanding encumbrances are considered assigned.

Note 13 – Cash Receipts Miscellaneous

Within the General Fund, the Township has cash receipts categorized as Miscellaneous totaling \$969,611. The Township receipted lease payments totaling \$389,679 from the City of Hilliard (see Note 10). Included within the lease agreement, the Township pays for all operating expenses and invoices the City semi-annually for shared operating expenses which totaled \$115,082. To help mitigate the financial burdens brought on by COVID-19 (see Note 17), the Ohio Bureau of Workers Compensation (BWC) authorized multiple dividend rebates to employers. The Township received a total of \$534,018 in rebates from BWC of which \$462,013 was receipted into the General Miscellaneous. Other Miscellaneous receipts include OTARMA capital distribution payments and rebates. The Miscellaneous category consists of the following.

	<u>2020</u>
Lease Income - City of Hilliard	\$389,679
Expense Reimbursement - City of Hilliard	\$115,082
Ohio Bureau of Workers Comp rebates and dividends	\$462,013
Other Miscellaneous	<u>\$2,837</u>
Total Miscellaneous Cash Receipts	\$969,611

Note 14 - Tax Abatement Agreements Entered Into By Other Governments

The City of Hilliard entered into property tax abatement agreements with property owners under Tax Incremental Financing (“TIF”) agreements on properties within the Township. The TIF agreements are direct incentive tax exemption programs benefiting property owners who renovate or construct new buildings. Under these agreements, the Township’s property taxes were reduced by approximately \$1,543,229.

Norwich Township
Franklin County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 15 – Change in Accounting Principle

For 2020, the Township has made changes to their cash basis reporting model. These changes include modifications to the definition of fiduciary funds, adding a separate combined statement of additions, deductions, and changes in fund balances (regulatory cash basis) – all fiduciary fund types, and removing the fund balance classifications from the combined statement of receipts, disbursements, and changes in fund balances (regulatory cash basis) – all governmental fund types. However, the Township did not have any fiduciary funds to report for 2020. Therefore, there was no effect of this change to beginning cash balances.

Note 16 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Township. The Township's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Township's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

During 2020, the Township received CARES Act funding totaling \$309,289. Of the amounts received, no funding was sub-granted to other governments and organizations, no funding was returned to the granting agency, and no funding was spent on-behalf of other governments. All funding is reflected as general government expenditures in the Coronavirus Relief Special Revenue Funds on the accompanying financial statements.

NORWICH TOWNSHIP, FRANKLIN COUNTY
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2019

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts			
Property and Other Local Taxes	\$1,524,301	\$11,668,250	\$13,192,551
Charges for Services	0	2,273,376	2,273,376
Licenses, Permits and Fees	31,254	87,904	119,158
Fines and Forfeitures	0	1,278	1,278
Intergovernmental	236,908	1,385,713	1,622,621
Earnings on Investments	231,073	12,382	243,455
Miscellaneous	551,730	249,052	800,782
<i>Total Cash Receipts</i>	<u>2,575,266</u>	<u>15,677,955</u>	<u>18,253,221</u>
Cash Disbursements			
Current:			
General Government	1,386,506	0	1,386,506
Public Safety	0	15,643,067	15,643,067
Public Works	0	472,274	472,274
Health	0	525,011	525,011
<i>Total Cash Disbursements</i>	<u>1,386,506</u>	<u>16,640,352</u>	<u>18,026,858</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,188,760</u>	<u>(962,397)</u>	<u>226,363</u>
Other Financing Receipts (Disbursements)			
Sale of Capital Assets	0	171,687	171,687
Transfers In	0	1,676,113	1,676,113
Transfers Out	(1,668,000)	(8,113)	(1,676,113)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(1,668,000)</u>	<u>1,839,687</u>	<u>171,687</u>
<i>Net Change in Fund Cash Balances</i>	<u>(479,240)</u>	<u>877,290</u>	<u>398,050</u>
<i>Fund Cash Balances, January 1</i>	<u>\$8,429,768</u>	<u>\$8,236,358</u>	<u>\$16,666,126</u>
Fund Cash Balances, December 31			
Restricted	0	9,113,648	9,113,648
Assigned	2,212,019	0	2,212,019
Unassigned (Deficit)	5,738,509	0	5,738,509
<i>Fund Cash Balances, December 31, 2019</i>	<u>7,950,528</u>	<u>9,113,648</u>	<u>17,064,176</u>

**NORWICH TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Norwich Township, Franklin County, Ohio (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the City of Hilliard to provide police services. The Township also contracts with the City of Dublin to provide dispatching services.

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk sharing pool available to Ohio local governments. Note 8 to the financial statements provides additional information for this entity.

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

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The Township's financial statement consists of a combined state of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis).

Fund Accounting

The Township uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Township are presented below:

General Fund - This fund accounts for and reports all financial resources not accounted for and reported in another fund. The General Fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

Fire District Fund - This fund is used to account for the special levy funds received for fire & EMS services.

Fire and Rescue, Ambulance and EMS Service Fund - This fund is used to account for financial activities related to emergency management services (EMS).

Police District Fund - This fund is used to account for financial activities related to the contracted police services within the unincorporated areas of the Township.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

**NORWICH TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

Note 2 - Summary of Significant Accounting Policies (Continued)

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

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. Appropriations lapse at year end.

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 individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be re-appropriated.

A summary of 2019 budgetary activity appears in Note 3.

Deposits and Investments

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

Capital Assets

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

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Fund Balance

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

Nonspendable The *nonspendable* fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

Restricted The *restricted* fund balance classification includes amounts that are reported as *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.

**NORWICH TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

Note 2 - Summary of Significant Accounting Policies (Continued)

Committed The *committed* fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Township Board of Trustees. The Township must adhere to these commitments unless the Board of Trustees amend the resolution. *Committed* fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying contractual requirements.

Assigned The *assigned* fund balances classification is intended to be used for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the General Fund report all fund balances as assigned unless they are *restricted* or *committed*. In the General Fund, *assigned* amounts represent intended uses established by policies of the Township Board of Trustees, which includes giving the Fiscal Officer the authority to constrain monies for intended purposes.

Unassigned The *unassigned* fund balance is the residual classification for the General Fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The Township applies restricted resources first when expenditures are incurred for purposes for which restricted and unrestricted (committed, assigned, and unassigned) fund balance is available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Note 3 - Budgetary Activity

Budgetary activity for the year ending December 31, 2019 is as follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,435,680	\$2,575,266	(\$139,586)
Special Revenue	17,598,055	17,525,755	72,300
Total	\$20,033,735	\$20,101,021	(\$67,286)

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,274,000	\$3,054,655	\$219,345
Special Revenue	17,898,363	16,648,465	1,249,898
Total	\$21,172,363	\$19,703,120	\$1,469,243

**NORWICH TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

Note 4 - Equity in Pooled Deposits and Investments

The Township maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31, 2019 is as follows:

	<u>2019</u>
Demand deposits	\$4,882,263
Star Plus	<u>2,517,183</u>
Total deposits	<u>7,399,446</u>
StarOhio	4,374,900
Commercial Paper	332,520
Federal Agency Securities	4,957,310
Total investments	<u>9,664,730</u>
Total deposits and investments	<u><u>\$17,064,176</u></u>

Protection of the Township's deposits is provided by the financial institutions participating in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the payment of all public monies deposited in the financial institution.

Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form. Federal Agency Securities are held by the custodian, US Bank. Investments in Commercial Paper are also held by the custodian, US Bank.

Note 5 - Property Tax

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

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

Note 6 – Retirement Plans

Plan Description – Ohio Public Employees Retirement System (OPERS)

Township employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Township contributed an amount equaling 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2019.

**NORWICH TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

Note 6 – Retirement Plans (Continued)

<i>OPERS – Local</i>	<i>2012-2020</i>	<i>10.00%</i>	<i>14.00%</i>
<i>OPERS – Public Safety</i>	<i>2014-2020</i>	<i>12.00%</i>	<i>18.10%</i>
<i>OPERS – Law Enforcement</i>	<i>2014-2020</i>	<i>13.00%</i>	<i>18.10%</i>

Township certified Fire Fighters and full-time Police Officers belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Township contributed to OP&F an amount equal to 24 percent of full-time police members’ wages and 24 percent of full-time fire fighters’ wages, respectively. The Township has paid all contributions required through December 31, 2019.

Township employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants’ gross salaries. The Township has paid all contributions required through December 31, 2019.

Note 7 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2019. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

Note 8 - Risk Management

Casualty and Property Coverage The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. As of December 31, 2019, OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims.

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

**NORWICH TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

Note 8 - Risk Management (Continued)

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 as of December 31, 2019 (the latest information available):

Assets	\$35,207,320
Liabilities	<u>10,519,942</u>
Net Position	\$45,727,262

As of December 31, 2019, respectively, the liabilities above include approximately \$8.0 million of estimated incurred claims payable. The assets above also include approximately \$6.9 million of unpaid claims to be billed to approximately 1,016-member governments in the future, as of December 31, 2019, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2019, the Township's share of these unpaid claims collectible in future years is approximately \$50,000.

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership. The Township's contribution to OTARMA was \$99,332 for 2019.

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

Note 9 - Operating Lease

The Township leases a portion of the Township's Safety Services Building to the City of Hilliard. The term of the lease is 30 years, extending to December 31, 2038. The lease calls for semi-annual lease payments of \$194,840. Upon completion of the initial lease term, the City has the option to renew the lease on a yearly basis at the cost of one dollar. Additionally, operating expenditures relating to the portion of the leased facility occupied by the City of Hilliard are paid by the Township and charged semi-annually to the City of Hilliard for reimbursement, as called for in the lease agreement.

**NORWICH TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

Note 10 - Cash Receipts Miscellaneous

Within the General Fund, the Township has cash receipts categorized as Miscellaneous totaling \$551,730. The Township leases a portion of its safety services building to the City of Hilliard (see Note 9). The City of Hilliard makes semi-annual lease payments of \$194,840. Included within the lease agreement, the Township pays for all operating expenses and invoices the City of Hilliard semi-annual for shared operating expenses. Other Miscellaneous receipts include Ohio Bureau of Workers Comp rebates, American Electric Power lighting rebates, and OTARMA capital distribution payments and rebates. The Miscellaneous category consists of the following.

	<u>2019</u>
Lease Income - City of Hilliard	\$389,680
Expense Reimbursement - City of Hilliard	\$148,905
Other Miscellaneous	<u>\$13,145</u>
Total Miscellaneous Cash Receipts	\$551,730

Note 11 - Interfund Transactions

Interfund transfers for the year ended December 31, 2019, consisted of the following, as reported on the fund financial statements:

Transfers from General Fund to:	
Fire District Fund	\$1,018,000
Cemetery Fund.....	\$400,000
Gasoline Tax Fund.....	\$250,000
Transfer from Special Revenue to Special Revenue:	
Fire District Fund.....	\$8,113

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. The transfer between Special revenue funds was to reimburse the Fire District Fund for expenditures refunded by a FEMA grant. All transfers were made in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

Note 12 - Tax Abatement Agreements Entered Into By Other Governments

The City of Hilliard entered into property tax abatement agreements with property owners under Tax Incremental Financing (“TIF”) agreements on properties within the Township. The TIF agreements are direct incentive tax exemption programs benefiting property owners who renovate or construct new buildings. Under these agreements, the Township’s property taxes were reduced by approximately \$1,384,672.

OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
(800) 282-0370

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

Norwich Township
Franklin County
5181 Northwest Parkway
Hilliard, Ohio 43026

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements for each governmental fund type combined total as of and for the year ended December 31, 2020 and for each governmental fund type as of and for the year ended December 31, 2019, and related notes of the Norwich Township, Franklin County, (the Township) and have issued our report thereon dated February 16, 2022, wherein we noted the Township followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(D) permit. We also noted the financial impact of COVID-19 and the ensuing emergency measures, which may impact subsequent periods of the Township.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

February 16, 2022

OHIO AUDITOR OF STATE KEITH FABER



NORWICH TOWNSHIP

FRANKLIN COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 3/8/2022

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov