

**NORWICH TOWNSHIP  
FRANKLIN COUNTY, OHIO**

*Financial Statements  
(Audited)*

For The Years Ended  
December 31, 2006 and 2005

**JAMIE MILES, FISCAL OFFICER**





# Mary Taylor, CPA

Auditor of State

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

We have reviewed the *Independent Auditor's Report* of Norwich Township, Franklin County, prepared by Julian & Grube, Inc., for the audit period January 1, 2005 through December 31, 2006. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Norwich Township is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

May 30, 2007

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**NORWICH TOWNSHIP  
FRANKLIN COUNTY, OHIO**

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**Julian & Grube, Inc.**  
*Serving Ohio Local Governments*

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**Independent Auditor's Report**

Norwich Township  
Franklin County  
4164 Avery Road  
Hilliard, 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, 2006 and 2005. 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 Comptroller General of the United States *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As 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 years ended December 31, 2006 and 2005. Instead of the combined funds the accompanying financial statements present for December 31, 2006 and 2005, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for December 31, 2006 and 2005. 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 the 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 years ended December 31, 2006 and 2005, 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, 2006 and 2005, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash fund balances of Norwich Township, Franklin County, as of and for the years ended December 31, 2006 and 2005, 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 Auditor's Report  
Norwich Township  
Page 2

As disclosed in Note 3 to the financial statements, the Township has presented a prior period adjustment to restate fund balances at January 1, 2005 due to interest reallocation.

The aforementioned revision to generally accepted accounting principles also requires the Township to include Management's Discussion and Analysis for the years ended December 31, 2006 and 2005. 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 March 29, 2007, 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.

A handwritten signature in cursive script that reads "Julian & Grube, Inc." with a period at the end.

Julian & Grube, Inc.  
March 29, 2007



**NORWICH TOWNSHIP  
FRANKLIN COUNTY, OHIO**

COMBINED STATEMENT OF CASH FUND BALANCES  
ALL FUND TYPES  
DECEMBER 31, 2006 AND 2005

| <u>Cash and Cash Equivalents and Investments</u> | <u>2006</u>          | <u>2005</u>          |
|--|----------------------|----------------------|
| Cash and Cash Equivalents                        | \$ 12,740,557        | \$ 11,964,526        |
| Investments                                      | <u>10,883,507</u>    | <u>10,462,440</u>    |
| Total Cash and Cash Equivalents and Investments  | <u>\$ 23,624,064</u> | <u>\$ 22,426,966</u> |
| <br><u>Cash Fund Balances</u>                    |                      |                      |
| <u>Governmental Fund Types:</u>                  |                      |                      |
| General Fund                                     | \$ 10,039,665        | \$ 9,207,320         |
| Special Revenue Funds                            | <u>13,582,369</u>    | <u>13,217,640</u>    |
| Total Governmental Fund Types                    | <u>23,622,034</u>    | <u>22,424,960</u>    |
| <br><u>Fiduciary Fund:</u>                       |                      |                      |
| Non-Expendable Trust Funds                       | <u>2,030</u>         | <u>2,006</u>         |
| Total Fund Balances                              | <u>\$ 23,624,064</u> | <u>\$ 22,426,966</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 FUND TYPES AND FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2006

|  | <u>Governmental Fund Types</u> |                            | <u>Fiduciary<br/>Fund Type</u>  | Total<br>(Memorandum<br>Only) |
|--|--------------------------------|----------------------------|---------------------------------|-------------------------------|
|  | <u>General</u>                 | <u>Special<br/>Revenue</u> | <u>Non-Expendable<br/>Trust</u> |                               |
| Cash receipts:   |                                |                            |                                 |                               |
| Local taxes  | \$ 1,368,576                   | \$ 7,782,368               | \$ -                            | \$ 9,150,944                  |
| Intergovernmental  | 372,593                        | 900,764                    | -                               | 1,273,357                     |
| Charges for services   | -                              | 298,192                    | -                               | 298,192                       |
| Licenses, permits and fees   | 13,181                         | 61,599                     | -                               | 74,780                        |
| Fines and forfeitures  | 5,304                          | -                          | -                               | 5,304                         |
| Interest   | 779,546                        | 85,835                     | 24                              | 865,405                       |
| Miscellaneous  | 19,546                         | 136,393                    | -                               | 155,939                       |
| Total cash receipts  | <u>2,558,746</u>               | <u>9,265,151</u>           | <u>24</u>                       | <u>11,823,921</u>             |
| Cash disbursements:  |                                |                            |                                 |                               |
| Current:   |                                |                            |                                 |                               |
| General government   | 1,463,954                      | -                          | -                               | 1,463,954                     |
| Public safety  | 8,103                          | 8,312,804                  | -                               | 8,320,907                     |
| Public works   | 79,344                         | 146,452                    | -                               | 225,796                       |
| Health   | 100,000                        | 125,128                    | -                               | 225,128                       |
| Capital outlay   | 25,000                         | 317,343                    | -                               | 342,343                       |
| Total cash disbursements   | <u>1,676,401</u>               | <u>8,901,727</u>           | <u>-</u>                        | <u>10,578,128</u>             |
| Total cash receipts over cash disbursements  | <u>882,345</u>                 | <u>363,424</u>             | <u>24</u>                       | <u>1,245,793</u>              |
| Other financing receipts/(disbursements):  |                                |                            |                                 |                               |
| Other sources  | -                              | 1,305                      | -                               | 1,305                         |
| Other uses   | (50,000)                       | -                          | -                               | (50,000)                      |
| Total other financing receipts/(disbursements)   | <u>(50,000)</u>                | <u>1,305</u>               | <u>-</u>                        | <u>(48,695)</u>               |
| Excess of cash receipts and other financing receipts over cash disbursements and other financing disbursements | 832,345                        | 364,729                    | 24                              | 1,197,098                     |
| Cash fund balances, January 1, 2006  | <u>9,207,320</u>               | <u>13,217,640</u>          | <u>2,006</u>                    | <u>22,426,966</u>             |
| Cash fund balances, December 31, 2006  | <u>\$ 10,039,665</u>           | <u>\$ 13,582,369</u>       | <u>\$ 2,030</u>                 | <u>\$ 23,624,064</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, 2006

| Fund Types                 | Receipts                                    |               |                                 |                         |  | Disbursements                             |                        |               |                              |  |               |  |
|----------------------------|---|---------------|---------------------------------|-------------------------|--|---|------------------------|---------------|------------------------------|--|---------------|--|
|                            | County<br>Certified<br>Unencumbered<br>Cash | Budget        | Total<br>Estimated<br>Resources | Actual 2006<br>Receipts | Variance<br>Favorable<br>(Unfavorable) | Prior Year<br>Carryover<br>Appropriations | 2006<br>Appropriations | Total         | Actual 2006<br>Disbursements | Encumbrances<br>Outstanding<br>at 12/31/06 | Total         | Variance<br>Favorable<br>(Unfavorable) |
| Governmental:              |   |               |                                 |                         |  |   |                        |               |                              |  |               |  |
| General                    | \$ 11,779,477                               | \$ 1,903,037  | \$ 13,682,514                   | \$ 2,558,746            | \$ 655,709                             | \$ 100,000                                | \$ 13,524,657          | \$ 13,624,657 | \$ 1,726,401                 | \$ 633,470                                 | \$ 2,359,871  | \$ 11,264,786                          |
| Special Revenue            | 9,826,567                                   | 9,207,154     | 19,033,721                      | 9,266,456               | 59,302                                 | -   | 18,908,153             | 18,908,153    | 8,901,727                    | 9,800                                      | 8,911,527     | 9,996,626                              |
| Fiduciary:                 |   |               |                                 |                         |  |   |                        |               |                              |  |               |  |
| Non-expendable             | 2,001                                       | -             | 2,001                           | 24                      | 24                                     | -   | 8                      | 8             | -                            | -  | -             | 8                                      |
| Total<br>(Memorandum Only) | \$ 21,608,045                               | \$ 11,110,191 | \$ 32,718,236                   | \$ 11,825,226           | \$ 715,035                             | \$ 100,000                                | \$ 32,432,818          | \$ 32,532,818 | \$ 10,628,128                | \$ 643,270                                 | \$ 11,271,398 | \$ 21,261,420                          |

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**NORWICH TOWNSHIP  
FRANKLIN COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN CASH FUND BALANCES - ALL GOVERNMENTAL FUND TYPES AND FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2005

|   | <u>Governmental Fund Types</u> |                            | <u>Fiduciary<br/>Fund Type</u>  | Total<br>(Memorandum<br>Only) |
|---|--------------------------------|----------------------------|---------------------------------|-------------------------------|
|   | <u>General</u>                 | <u>Special<br/>Revenue</u> | <u>Non-Expendable<br/>Trust</u> |                               |
| Cash receipts:  |                                |                            |                                 |                               |
| Local taxes   | \$ 1,153,572                   | \$ 7,224,028               | \$ -                            | \$ 8,377,600                  |
| Intergovernmental   | 410,575                        | 1,006,421                  | -                               | 1,416,996                     |
| Charges for services  | -                              | 527,616                    | -                               | 527,616                       |
| Licenses, permits and fees  | 17,251                         | 46,313                     | -                               | 63,564                        |
| Fines and forfeitures   | 5,581                          | -                          | -                               | 5,581                         |
| Interest  | 439,519                        | 62,475                     | 8                               | 502,002                       |
| Miscellaneous   | 12,313                         | 116,964                    | -                               | 129,277                       |
| Total cash receipts   | <u>2,038,811</u>               | <u>8,983,817</u>           | <u>8</u>                        | <u>11,022,636</u>             |
| Cash disbursements:   |                                |                            |                                 |                               |
| Current:  |                                |                            |                                 |                               |
| General government  | 1,626,397                      | -                          | -                               | 1,626,397                     |
| Public safety   | 143,157                        | 7,406,532                  | -                               | 7,549,689                     |
| Public works  | 200,000                        | 3,690                      | -                               | 203,690                       |
| Health  | 151,133                        | 148,166                    | -                               | 299,299                       |
| Capital outlay  | -                              | 90,204                     | -                               | 90,204                        |
| Total cash disbursements  | <u>2,120,687</u>               | <u>7,648,592</u>           | <u>-</u>                        | <u>9,769,279</u>              |
| Total cash receipts over/(under) cash disbursements   | <u>(81,876)</u>                | <u>1,335,225</u>           | <u>8</u>                        | <u>1,253,357</u>              |
| Other financing receipts/(disbursements):   |                                |                            |                                 |                               |
| Other uses  | <u>(50,000)</u>                | <u>-</u>                   | <u>-</u>                        | <u>(50,000)</u>               |
| Total other financing receipts/(disbursements)  | <u>(50,000)</u>                | <u>-</u>                   | <u>-</u>                        | <u>(50,000)</u>               |
| Excess of cash receipts over/(under)<br>cash disbursements and other<br>financing disbursements | (131,876)                      | 1,335,225                  | 8                               | 1,203,357                     |
| Cash fund balances, January 1, 2005 (restated)  | <u>9,339,196</u>               | <u>11,882,415</u>          | <u>1,998</u>                    | <u>21,223,609</u>             |
| Cash fund balances, December 31, 2005   | <u>\$ 9,207,320</u>            | <u>\$ 13,217,640</u>       | <u>\$ 2,006</u>                 | <u>\$ 22,426,966</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, 2005

| Fund Types                 | Receipts                                    |                      |                                 |                         |  | Disbursements                             |                        |                      |                              |  |                     |  |
|----------------------------|---|----------------------|---------------------------------|-------------------------|--|---|------------------------|----------------------|------------------------------|--|---------------------|--|
|                            | County<br>Certified<br>Unencumbered<br>Cash | Budget               | Total<br>Estimated<br>Resources | Actual 2005<br>Receipts | Variance<br>Favorable<br>(Unfavorable) | Prior Year<br>Carryover<br>Appropriations | 2005<br>Appropriations | Total                | Actual 2005<br>Disbursements | Encumbrances<br>Outstanding<br>at 12/31/05 | Total               | Variance<br>Favorable<br>(Unfavorable) |
| Governmental:              |   |                      |                                 |                         |  |   |                        |                      |                              |  |                     |  |
| General                    | \$ 11,141,229                               | \$ 1,595,622         | \$ 12,736,851                   | \$ 2,038,811            | \$ 443,189                             | \$ 152,931                                | \$ 12,725,914          | \$ 12,878,845        | \$ 2,170,687                 | \$ 100,000                                 | \$ 2,270,687        | \$ 10,608,158                          |
| Special Revenue            | 9,449,432                                   | 8,974,882            | 18,424,314                      | 8,983,817               | 8,935                                  | 16,028                                    | 18,317,485             | 18,333,513           | 7,648,592                    | -  | 7,648,592           | 10,684,921                             |
| Fiduciary:                 |   |                      |                                 |                         |  |   |                        |                      |                              |  |                     |  |
| Non-expendable             | 1,994                                       | -                    | 1,994                           | 8                       | 8                                      | -   | 12                     | 12                   | -                            | -  | -                   | 12                                     |
| Total<br>(Memorandum Only) | <u>\$ 20,592,655</u>                        | <u>\$ 10,570,504</u> | <u>\$ 31,163,159</u>            | <u>\$ 11,022,636</u>    | <u>\$ 452,132</u>                      | <u>\$ 168,959</u>                         | <u>\$ 31,043,411</u>   | <u>\$ 31,212,370</u> | <u>\$ 9,819,279</u>          | <u>\$ 100,000</u>                          | <u>\$ 9,919,279</u> | <u>\$ 21,293,091</u>                   |

**NORWICH TOWNSHIP  
FRANKLIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

**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 City of Hilliard 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 types:

Governmental Fund Types

General Fund

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

Special Revenue 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 expenditures 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, 2006 AND 2005

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

Fiduciary Fund Type (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).

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

**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, 2006 and 2005.

**NORWICH TOWNSHIP  
FRANKLIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

**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, 2006 and 2005.



**NORWICH TOWNSHIP  
FRANKLIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

**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 \$865,405 and \$502,002 for the years ended December 31, 2006 and 2005, 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. 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, 2006 AND 2005

**NOTE 3 - PRIOR PERIOD ADJUSTMENT**

The Township is restating its General fund and Fire fund balances and Cash balance at January 1, 2005. The prior period adjustment is due to reallocation of interest earnings. The prior period adjustment above had the following effects on the Township's fund balances.

|                            | General<br><u>Cash and Fund Balance</u> | Special Revenue Funds<br><u>Cash and Fund Balance</u> |
|----------------------------|---|---|
| Balance 01/01/05           | \$ 9,450,628                            | \$ 11,770,983   |
| Prior Period Adjustment    | <u>(111,432)</u>                        | <u>111,432</u>  |
| Restated Balances 01/01/05 | <u>\$ 9,339,196</u>                     | <u>\$ 11,882,415</u>                                  |

**NOTE 4 - CASH AND CASH EQUIVALENTS AND INVESTMENTS**

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

|                                | <u>2006</u>          | <u>2005</u>          |
|--------------------------------|----------------------|----------------------|
| Deposits:                      |                      |                      |
| Demand Deposits                | <u>\$ 2,802,854</u>  | <u>\$ 11,964,526</u> |
| Investments:                   |                      |                      |
| U.S. Treasury Notes            | 10,883,507           | 10,462,440           |
| STAR Ohio                      | <u>9,937,703</u>     | <u>-</u>             |
| Total investments              | <u>20,821,210</u>    | <u>10,462,440</u>    |
| Total deposits and investments | <u>\$ 23,624,064</u> | <u>\$ 22,426,966</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. Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**NORWICH TOWNSHIP  
FRANKLIN COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005**

**NOTE 4 - CASH AND CASH EQUIVALENTS AND INVESTMENTS - (Continued)**

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.

**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.

**NOTE 6 - RETIREMENT SYSTEMS**

The Township's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including post-retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code. The Township's Fire and Emergency Medical Services employees belong to the Ohio Police & Firemen's Disability & Pension Funds (OP&F).

Contribution rates are also prescribed by the Ohio Revised Code. For 2006 and 2005, OPERS members contribute 8.5% of their gross salaries. The Township contributed an amount equal to 13.70% and 13.55% of participants' gross salaries for the years ended December 31, 2006 and 2005, respectively. The Township contributed an amount equal to 19.5% and 24.0% for police and fire for the years ended December 31, 2006 and 2005. The Township has paid all contributions required through December 31, 2006 and 2005.

**NORWICH TOWNSHIP  
FRANKLIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

**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 insurance for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund 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. 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, from the General Reinsurance Corporation.

If losses exhaust OTARMA's retained earnings, APEEP covers OTARMA losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

Property Coverage

OTARMA retains property risks including automobile physical damage up to \$100,000 on any specific loss. The Travelers Indemnity Company reinsures specific losses exceeding \$100,000. The Travelers Indemnity Company also provides aggregate excess coverage for property including automobile physical damage subject to an annual stop loss. When the stop loss is reached in any year, The Travelers Indemnity Company provides coverage in excess of \$10,000.

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

**NORWICH TOWNSHIP  
FRANKLIN COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005**

**NOTE 7 - 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 at December 31, 2005 and 2004 (latest available data).

| <u>Casualty Coverage</u> | <u>2005</u>          | <u>2004</u>          |
|--------------------------|----------------------|----------------------|
| Assets                   | \$ 30,485,638        | \$ 30,687,203        |
| Liabilities              | <u>(12,344,576)</u>  | <u>(13,640,962)</u>  |
| Retained earnings        | <u>\$ 18,141,062</u> | <u>\$ 17,046,241</u> |
| <br>                     |                      |                      |
| <u>Property Coverage</u> |                      |                      |
| Assets                   | \$ 9,177,796         | \$ 7,799,073         |
| Liabilities              | <u>(1,406,031)</u>   | <u>(753,906)</u>     |
| Retained earnings        | <u>\$ 7,771,765</u>  | <u>\$ 7,045,167</u>  |

**NOTE 8 - CONTINGENT LIABILITIES**

The Township is not currently involved in litigation.



**Julian & Grube, Inc.**  
*Serving Ohio Local Governments*

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

**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, 2006 and 2005, and have issued our report thereon dated March 29, 2007, 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. In addition, as described in Note 3, the Township has restated its General fund and Special Revenue Fund Type Fire fund balances as of January 1, 2005. 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 *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Norwich Township's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Norwich Township's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Norwich Township's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned function, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Norwich Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that a misstatement or the Norwich Township's financial statements that is more than inconsequential will not be prevented or detected by the Norwich Township's internal control.

Board of Trustees  
Norwich Township

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### Compliance and Other Matters

As part of obtaining reasonable assurance whether Norwich Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

In addition, we noted other matters involving the internal control and its operations and compliance and other matters that we reported to the management of the Township in a separate letter dated March 29, 2007.

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.

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.  
March 29, 2007

**NORWICH TOWNSHIP  
FRANKLIN COUNTY, OHIO**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2006 AND 2005**

| <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> |
|-----------------------|---|-------------------------|--|
| 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. | Yes                     | N/A  |





**Mary Taylor, CPA**  
Auditor of State

**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  
JUNE 12, 2007**