



**NORWICH TOWNSHIP
HURON COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2005



Mary Taylor, CPA
Auditor of State

NORWICH TOWNSHIP
HURON COUNTY

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Norwich Township
Huron County
6299 Sherman Norwich Road
Attica, Ohio 44807-9631

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Norwich Township, Huron County, Ohio (the Township), as of and for the year ended December 31, 2005, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions 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. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinions.

As discussed in Note 1, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Norwich Township, Huron County, Ohio, as of December 31, 2005, and the respective changes in cash financial position and the respective budgetary comparison for the General, Motor Vehicle License Tax, Gasoline Tax, Road and Bridge, and the Fire Levy Funds thereof for the year then ended in conformity with the basis of accounting Note 1 describes.

For the year ended December 31, 2005, the Township revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 28, 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.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.



Mary Taylor, CPA
Auditor of State

August 28, 2007

**NORWICH TOWNSHIP
HURON COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED**

This discussion and analysis of the Norwich Township's (the Township's) financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2005, within the limitations of the Township's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

Highlights

Key highlights for 2005 are as follows:

- Net assets increased \$53,967, or 51 percent primarily due to the increase of zoning permits sold; higher interest rates; an increase of gas tax receipts; realizing \$11,681 from items sold at the County auction; additional income realized from our fire levy passed in 2004; and the receipt of unanticipated estate taxes in the amount of \$17,419.
- The Township also received FEMA assistance from a heavy snow storm creating extra expenses to clear township roads in December 2004 and then again for an ice storm occurring in January 2005. These instances were declared for public disaster assistance by the Federal Government.
- The 2004 Miller Road Issue 2 project was completed in 2005. A no interest loan in the amount of \$37,371 was taken out to be paid back in 2 installments of \$1,869 each, per year for 10 years. The first payment was made in December 2005.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Township's cash basis of accounting.

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the Township as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Township as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Township has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

**NORWICH TOWNSHIP
HURON COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
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(Continued)**

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the Township as a Whole

The statement of net assets and the statement of activities reflect how the Township did financially during 2005, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental activities of the Township at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Township's general receipts.

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Township's financial health. Over time, increases or decreases in the Township's cash position is one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other nonfinancial factors as well such as the Township's property tax base, the condition of the Township's capital assets and infrastructure, the extent of the Township's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and income taxes.

The statement of net assets and the statement of activities reflect the Township's governmental activities. State grants, property taxes, and the Local Government Fund finance most of these activities.

Reporting the Township's Most Significant Funds

Fund financial statements provide detailed information about the Township's major funds – not the Township as a whole. The Township establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Township are mainly governmental with one fiduciary fund.

Governmental Funds - Most of the Township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Township's major governmental funds are the General Fund; Motor Vehicle License Tax Fund, Gasoline Tax Fund; Road and Bridge Fund; Fire Fund; and the OPWC Project Fund.

**NORWICH TOWNSHIP
HURON COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED
(Continued)**

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the Township. Fiduciary funds are not reflected on the government-wide financial statements because the resources of these funds are not available to support the Township's programs.

The Township as a Whole

Table 1 provides a summary of the Township's net assets for 2005 compared to 2004 on a cash basis:

(Table 1)

Net Assets

	Governmental Activities	
	2005	2004
Assets		
Cash and Cash Equivalents	\$158,881	\$104,914
Total Assets	158,881	104,914
Net Assets		
Restricted for:		
Other Purposes	129,603	92,239
Unrestricted	29,278	12,675
Total Net Assets	\$158,881	\$104,914

As mentioned previously, net assets of governmental activities increased \$53,967 or 51 percent during 2005. The primary reasons contributing to the increases in cash balances are as follows:

- We received \$23,101 more in the Fire Fund this year compared to 2004 due to the passage of our Fire and EMS levy.
- The Township also received FEMA assistance from a heavy snow storm that created extra expenses to clear township roads in December 2004 and then again for an ice storm occurring in January 2005. These instances were declared for public disaster assistance. Total amount received for these instances was \$9,688. These receipts were not anticipated, nor appropriated for expenditures in 2005.
- Norwich Township also received unanticipated revenue for estate tax settlements in the amount of \$17,419. This amount was not anticipated, nor appropriated for expenditures in 2005.
- The Township participated in a county wide auction to rid the township of unused assets and realized \$11,681. This amount was not anticipated, nor appropriated for expenditures in 2005.
- The Township had an increase of zoning permits sold; received higher interest rates on its investments and had an increase of gas tax receipts. These amounts were not anticipated, nor appropriated for expenditures in 2005.

**NORWICH TOWNSHIP
HURON COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED
(Continued)**

Table 2 reflects the changes in net assets in 2005. Since the District did not prepare financial statements in this format for 2004, a comparative analysis of government-wide data has not been presented. In future years, when prior year information is available, a comparative analysis will be presented.

(Table 2)
Changes in Net Assets

	Governmental Activities 2005
Receipts:	
Program Receipts:	
Charges for Services and Sales	\$6,791
Operating Grants and Contributions	105,694
Capital Grants and Contributions	9,688
Total Program Receipts	122,173
General Receipts:	
Property and Other Local Taxes	87,239
Sale of Fixed Assets	11,681
Grants and Entitlements Not Restricted to Specific Programs	40,016
Interest	1,492
Note Proceeds	37,371
Miscellaneous	14,657
Total General Receipts	192,456
Total Receipts	314,629
Disbursements:	
General Government	57,881
Public Safety	34,456
Public Works	156,965
Health	2,905
Capital Outlay	6,586
Principal Retirement	1,869
Total Disbursements	260,662
Increase in Net Assets	53,967
Net Assets, January 1, 2005	104,914
Net Assets, December 31, 2005	\$158,881

Program receipts represent about 39 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax monies. General receipts represent about 61 percent of the Township's total receipts, and of this amount, over 45 percent are local taxes.

**NORWICH TOWNSHIP
HURON COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED
(Continued)**

State and federal grants and entitlements make up the balance of the Township's general receipts (40 percent). Other receipts are somewhat insignificant and are unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Township activities. These include the costs of payroll, insurance, zoning and other internal services.

Public Safety is the costs of ems services and fire protection; Public Works is road payroll and road maintenance programs. Health Services is deductions from the county auditor for the health department and mowing township properties; Capital outlay is the costs to complete our Miller Road Issue II project carried over from 2004 and also for a new copier for the township and Principal Retirement is for our bi-annual payment for the OPWC no interest loan for the Miller Road Issue II project.

Governmental Activities

If you look at the Statement of Activities, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The major program disbursements for governmental activities were for Public Works which accounts for \$156,965. General government also represents a significant cost.

The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

Governmental Activities

	Total cost of Services 2005	Net Cost of Services 2005
General Government	\$57,881	\$57,316
Public safety	34,456	34,456
Public Works	156,965	35,557
Health	2,905	2,705
Capital Outlay	6,586	6,586
Principal Retirement	1,869	1,869
Total Expenses	\$260,662	\$138,489

The dependence upon property and intergovernmental receipts is apparent as over 57 percent of governmental activities are supported through these general receipts.

**NORWICH TOWNSHIP
HURON COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED
(Continued)**

The Township's Funds

Total Township funds had receipts and other financing sources of \$313,417 and disbursements of \$260,662. All of the Township's Major Funds had significant changes in fund balances when compared to 2004. The fund balance of the General Fund increased \$16,603 as the result of unanticipated estate tax revenue; the fund balance in the Motor Vehicle License Fund increased \$12,273 as the result of increased motor vehicle license receipts and the Gas Tax fund balance increased \$19,850 as the result of selling no longer needed assets and an increase of gas tax receipts. The Fire Levy fund balance increased \$8,025 due to a new tax levy.

Road and Bridge Fund receipts were less than disbursements by \$3,743 indicating that the Road and Bridge Fund is in a slight deficit spending situation. It was the recommendation of the finance committee and the administration that a reduction in disbursements was preferable to requesting additional funds from the taxpayers.

General Fund Budgeting Highlights

The Township's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

Original and final disbursements were budgeted at \$61,843 while actual disbursements were \$52,874. Although receipts exceeded expectations, appropriations were not increased. The Township kept spending close to budgeted amounts as demonstrated by the minor reported variances. The result is the increase in fund balance of \$16,603 for 2006

Debt

At December 31, 2005, the Township's outstanding debt included \$35,502 in an OPWC no interest loan with a term of 10 years for our Miller Road Widening and Resurfacing Issue II project from 2004.

Current Issues

The challenge for all governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local property and real estate taxes, Local Government monies and grants. We have no industry to support the tax base.

We reviewed our sources of revenue and determined that increases were unlikely. We then reviewed the disbursement history of the Township. We will continue to monitor our budget frequently areas and make cuts, if necessary, where we feel it would have the least impact on services.

Contacting the Township's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Alberta Elmlinger, Township Fiscal Officer, Norwich Township, Huron County, 6299 Sherman Norwich Road., Attica, Ohio 44807-9631.

**NORWICH TOWNSHIP
HURON COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2005**

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u><u>\$158,881</u></u>
Net Assets	
Restricted for:	
Other Purposes	\$129,603
Unrestricted	<u>29,278</u>
<i>Total Fund Balances</i>	<u><u>\$158,881</u></u>

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

**NORWICH TOWNSHIP
HURON COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets	
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Current:					
General Government	\$57,881	\$565			(\$57,316)
Public Safety	34,456				(34,456)
Public Works	156,965	6,026	\$105,694	\$9,688	(35,557)
Health	2,905	200			(2,705)
Debt Service:					
Principal	1,869				(1,869)
Capital Outlay	6,586				(6,586)
<i>Total Governmental Activities</i>	<u>\$260,662</u>	<u>\$6,791</u>	<u>\$105,694</u>	<u>\$9,688</u>	<u>(138,489)</u>

General Receipts

Property Taxes Levied for General Purposes	87,239
Grants and Entitlements not Restricted to Specific Programs	40,016
Sale of Capital Assets	11,681
Earnings on Investments	1,492
Note Proceeds	37,371
Miscellaneous	14,657
<i>Total General Receipts</i>	<u>192,456</u>
Change in Net Assets	53,967
<i>Net Assets Beginning of Year</i>	<u>104,914</u>
<i>Net Assets End of Year</i>	<u><u>\$158,881</u></u>

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

**NORWICH TOWNSHIP
HURON COUNTY**

STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES

DECEMBER 31, 2005

	General	Motor Vehicle License Tax	Gasoline Tax	Road and Bridge	Fire Levy	Other Governmental	Total
Assets							
Equity in Pooled Cash and Cash Equivalents	\$29,278	\$20,450	\$81,631	\$14,698	\$9,448	\$3,376	\$158,881
Fund Balances							
Unreserved:							
Undesignated, Reported in:							
General Fund	\$29,278						\$29,278
Special Revenue		\$20,450	\$81,631	\$14,698	\$9,448	\$3,376	129,603
Total Fund Balances	\$29,278	\$20,450	\$81,631	\$14,698	\$9,448	\$3,376	\$158,881

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

**NORWICH TOWNSHIP
HURON COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND
CHANGES IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Motor Vehicle		Road and Bridge	Fire Levy	OPWC Project	Other Governmental	Total	
	General	License Tax						Gasoline Tax
Receipts								
Local Taxes	\$27,074			\$22,562	\$37,603	\$6,026	\$93,265	
Intergovernmental	40,015	\$18,823	\$78,599	2,936	4,878	8,350	153,601	
Licenses, Permits, and Fees	565						565	
Earnings on Investments	1,492	319	1,426			52	3,289	
Miscellaneous	331		8,199			200	8,730	
<i>Total Receipts</i>	<u>69,477</u>	<u>19,142</u>	<u>88,224</u>	<u>25,498</u>	<u>42,481</u>	<u>14,628</u>	<u>259,450</u>	
Disbursements								
Current:								
General Government	48,610		8,950			321	57,881	
Public Safety				34,456			34,456	
Public Works	900	5,000	71,105	29,241	37,371	13,348	156,965	
Health	2,905						2,905	
Debt Service:								
Principal		1,869					1,869	
Capital Outlay	459				6,127		6,586	
<i>Total Disbursements</i>	<u>52,874</u>	<u>6,869</u>	<u>80,055</u>	<u>29,241</u>	<u>43,498</u>	<u>13,669</u>	<u>260,662</u>	
<i>Excess of Receipts Over (Under) Disbursements</i>	16,603	12,273	8,169	(3,743)	8,025	(43,498)	959	(1,212)
Other Financing Sources (Uses)								
Sale of Capital Assets			11,681				11,681	
Note Proceeds					37,371		37,371	
Other Financing Sources					6,127		6,127	
<i>Total Other Financing Sources</i>			<u>11,681</u>		<u>\$43,498</u>		<u>55,179</u>	
<i>Net Change in Fund Balances</i>	16,603	12,273	19,850	(3,743)	8,025	959	53,967	
<i>Fund Balances Beginning of Year</i>	<u>12,675</u>	<u>8,177</u>	<u>61,781</u>	<u>18,441</u>	<u>1,423</u>	<u>2,417</u>	<u>104,914</u>	
<i>Fund Balances End of Year</i>	<u>\$29,278</u>	<u>\$20,450</u>	<u>\$81,631</u>	<u>\$14,698</u>	<u>\$9,448</u>	<u>\$3,376</u>	<u>\$158,881</u>	

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

**NORWICH TOWNSHIP
HURON COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Receipts				
Local Taxes	\$29,805	\$29,805	\$27,074	(\$2,731)
Intergovernmental	19,163	19,163	40,015	20,852
Licenses, Permits, and Fees			565	565
Earnings on Investments	200	200	1,492	1,292
Miscellaneous			331	331
<i>Total receipts</i>	<u>49,168</u>	<u>49,168</u>	<u>69,477</u>	<u>20,309</u>
Disbursements				
Current:				
General Government	57,643	56,043	48,610	7,433
Public Works		1,000	900	100
Health	4,200	4,200	2,905	1,295
Capital Outlay		600	459	141
<i>Total Disbursements</i>	<u>61,843</u>	<u>61,843</u>	<u>52,874</u>	<u>8,969</u>
<i>Net Change in Fund Balance</i>	(12,675)	(12,675)	16,603	29,278
<i>Fund Balance - Budget Basis Beginning of Year</i>	<u>\$12,675</u>	<u>\$12,675</u>	<u>12,675</u>	
<i>Fund Balance - Budget Basis End of Year</i>			<u><u>\$29,278</u></u>	<u><u>\$29,278</u></u>

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

**NORWICH TOWNSHIP
HURON COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
MOTOR VEHICLE LICENSE TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Intergovernmental	\$15,500	\$15,500	\$18,823	\$3,323
Earnings on Investments	60	60	319	259
<i>Total receipts</i>	<u>15,560</u>	<u>15,560</u>	<u>19,142</u>	<u>3,582</u>
Disbursements				
Current:				
Public Works	22,341	20,472	5,000	15,472
Debt Service:				
Principal		1,869	1,869	
<i>Total Disbursements</i>	<u>22,341</u>	<u>22,341</u>	<u>6,869</u>	<u>15,472</u>
<i>Net Change in Fund Balance</i>	(6,781)	(6,781)	12,273	19,054
<i>Fund Balance - Budget Basis Beginning of Year</i>	<u>6,781</u>	<u>6,781</u>	<u>6,781</u>	
Prior Year Encumbrances Appropriated	<u>1,396</u>	<u>1,396</u>	<u>1,396</u>	
<i>Fund Balance - Budget Basis End of Year</i>	<u><u>\$1,396</u></u>	<u><u>\$1,396</u></u>	<u><u>\$20,450</u></u>	<u><u>\$19,054</u></u>

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

**NORWICH TOWNSHIP
HURON COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GASOLINE TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Receipts				
Intergovernmental	\$70,000	\$70,000	\$78,599	\$8,599
Earnings on Investments	215	215	1,426	1,211
Miscellaneous			8,199	8,199
<i>Total receipts</i>	<u>70,215</u>	<u>70,215</u>	<u>88,224</u>	<u>18,009</u>
Disbursements				
Current:				
General Government		8,982	8,950	32
Public Works	122,882	113,900	71,105	42,795
<i>Total Disbursements</i>	<u>122,882</u>	<u>122,882</u>	<u>80,055</u>	<u>42,827</u>
<i>Excess of Receipts Over Disbursements</i>	<u>(52,667)</u>	<u>(52,667)</u>	<u>8,169</u>	<u>60,836</u>
Other Financing Sources				
Sale of Capital assets			11,681	11,681
<i>Net Change in Fund Balance</i>	(52,667)	(52,667)	19,850	72,517
<i>Fund Balance - Budget Basis Beginning of Year</i>	<u>52,666</u>	<u>52,666</u>	<u>52,666</u>	
Prior Year Encumbrances Appropriated	<u>9,115</u>	<u>9,115</u>	<u>9,115</u>	
<i>Fund Balance - Budget Basis End of Year</i>	<u><u>\$9,114</u></u>	<u><u>\$9,114</u></u>	<u><u>\$81,631</u></u>	<u><u>\$72,517</u></u>

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

**NORWICH TOWNSHIP
HURON COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
ROAD AND BRIDGE FUND
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Positive (Negative)
Receipts				
Local Taxes	\$24,862	\$24,862	\$22,562	(\$2,300)
Intergovernmental	30	30	2,936	2,906
<i>Total receipts</i>	<u>24,892</u>	<u>24,892</u>	<u>25,498</u>	<u>606</u>
Disbursements				
Current:				
Public Works	<u>36,091</u>	<u>36,091</u>	<u>29,241</u>	<u>6,850</u>
<i>Net Change in Fund Balance</i>	(11,199)	(11,199)	(3,743)	7,456
<i>Fund Balance - Budget Basis Beginning of Year</i>	<u>10,441</u>	<u>10,441</u>	<u>10,441</u>	
Prior Year Encumbrances Appropriated	<u>\$8,000</u>	<u>\$8,000</u>	<u>8,000</u>	
<i>Fund Balance - Budget Basis End of Year</i>	<u><u>\$7,242</u></u>	<u><u>\$7,242</u></u>	<u><u>\$14,698</u></u>	<u><u>\$7,456</u></u>

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

**NORWICH TOWNSHIP
HURON COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
FIRE LEVY FUND
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Receipts				
Local Taxes	\$41,447	\$41,447	\$37,603	(\$3,844)
Intergovernmental	40	40	4,878	4,838
<i>Total receipts</i>	<u>41,487</u>	<u>41,487</u>	<u>42,481</u>	<u>994</u>
Disbursements				
Current:				
Public Safety	42,910	42,910	34,456	8,454
<i>Net Change in Fund Balance</i>	(1,423)	(1,423)	8,025	9,448
<i>Fund Balance - Budget Basis Beginning of Year</i>	<u>\$1,423</u>	<u>\$1,423</u>	<u>1,423</u>	
<i>Fund Balance - Budget Basis End of Year</i>	<u><u> </u></u>	<u><u> </u></u>	<u><u>\$9,448</u></u>	<u><u>\$9,448</u></u>

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

**NORWICH TOWNSHIP
HURON COUNTY**

**STATEMENT OF FIDUCIARY NET ASSETS -- CASH BASIS
DECEMBER 31, 2005**

	Private Purpose Trust
Assets	
Equity in Pooled Cash and Cash Equivalents	\$1,002
	<u>\$1,002</u>
	<u><u>\$1,002</u></u>
Net Assets	
Restricted for:	
Other Purposes	\$1,002
<i>Total Net Assets</i>	<u>\$1,002</u>
	<u><u>\$1,002</u></u>

See accompanying notes to the basic financial statements

**NORWICH TOWNSHIP
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005**

NOTE 1 – REPORTING ENTITY

Norwich Township, Huron County, Ohio is a body politic and corporate established in 1808 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 also has an elected Township Fiscal Officer. The reporting entity is comprised of the primary government.

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, maintenance of Township roads and bridges, and cemetery maintenance. The Township contracts with the Attica Venice Reed Volunteer Fire Department, Attica, Ohio and the City of Willard, Willard, Ohio for fire and EMS protection. Police protection is provided by the Huron County Sheriff's Department.

B. Jointly Governed Organizations and Public Entity Risk Pools

The Township participates in one jointly governed organization and one public entity risk pool. Notes 7 and 12 to the financial statements provides additional information for these entities. These organizations are:

Jointly Governed Organizations:

The Willard Area Council of Governments includes the City Of Willard, New Haven Township, Greenfield Township, Norwich Township and Richmond Township which was developed in 1971 as an advisory council.

Public Entity Risk Pool:

The Ohio Government Management Risk Plan provides property and casualty coverage for its members.

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

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Township's accounting policies.

A. Basis of Presentation

The Township's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**NORWICH TOWNSHIP
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005
(Continued)**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the Township that are governmental and those that are considered business-type. The Township has no business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

The statement of net assets presents the cash balance of the governmental activities of the Township at year end. The statement of activities compares disbursements with program receipts for the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that is required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a the cash basis or draws from the Township's general receipts.

Fund Financial Statements

During the year, the Township segregates transactions related to certain Township functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

B. Fund Accounting

The Township uses fund accounting 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. Funds are used to segregate resources that are restricted as to use. The funds of the Township are divided into two categories - governmental and fiduciary.

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Township's major governmental funds are the General Fund, Motor Vehicle License Tax, Gasoline Tax, Road and Bridge, Fire and OPWC Project Funds. These funds are used to account for all financial resources, except those required to be accounted for 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.

**NORWICH TOWNSHIP
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005
(Continued)**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

The other governmental funds of the Township account for grants and other resources whose use is restricted to a particular purpose such as the maintenance and repair of township roads, equipment, purchase of operating supplies, contracted services and salaries.

Fiduciary Funds

Fiduciary funds include pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Township's own programs. The Township's private purpose trust fund account is for the Sourwine Cemetery Bequest. Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Township had no agency funds.

C. Basis of Accounting

The Township's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred

D. Budgetary Process

All funds are legally required to be budgeted and appropriated. The major documents prepared are the certificate of estimated resources and the appropriations ordinance both of which are prepared on the budgetary basis of accounting. The certificate of estimated resources establishes a limit on the amount the Township may appropriate.

The appropriations ordinance is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund, department, and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Township Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Township.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

**NORWICH TOWNSHIP
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005
(Continued)**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

E. Cash and Investments

To improve cash management, cash received by the Township is pooled and invested. Individual fund integrity is maintained through Township records. Interest in the pool is presented as “Equity in Pooled Cash and Cash Equivalents”.

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments. Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

During 2005, the Township invested in certificates of deposit. The nonnegotiable certificates of deposit are reported at cost.

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2005 was \$1,492.

F. Inventory and Prepaid Items

The Township reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

G. Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

H. Long-Term Obligations

The Township's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither another financing source nor a capital outlay expenditure is reported at inception. Lease payments are reported when paid.

I. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

**NORWICH TOWNSHIP
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005
(Continued)**

NOTE 3 – CHANGE IN BASIS OF ACCOUNTING AND RESTATEMENT OF FUND EQUITY

Last year the Township reported fund financial statements using the regulatory basis of accounting as prescribed by the State Auditor's Office. This year the Township has implemented the cash basis of accounting described in Note 2.

The fund financial statements now present each major fund in a separate column with nonmajor funds aggregated and presented in a single column, rather than a column for each fund type.

There are no adjustments to beginning fund balances since the basis of accounting has not changed. The Township's basic financial statements consist of government wide statements, including a statement of net cash assets and a statement of activities and the fund statements that provide a more detailed level of financial information.

NOTE 4 – BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund and major special revenue funds are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). There were no encumbrances outstanding at year end (budgetary basis) as a result there were no difference in the 2005 budgetary basis and cash basis.

NOTE 5 – DEPOSITS AND INVESTMENTS

Monies held by the Township are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Township treasury. Active monies must be maintained either as cash in the Township treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Trustees have identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

**NORWICH TOWNSHIP
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005
(Continued)**

NOTE 5 – DEPOSITS AND INVESTMENTS – (CONTINUED)

Interim monies held by the Township can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Township, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$66,901 of the Township's bank balance of \$166,901 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name.

The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

**NORWICH TOWNSHIP
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005
(Continued)**

NOTE 6 – PROPERTY TAXES

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in 2005 represent the collection of 2004 taxes. Real property taxes received in 2005 were levied after October 1, 2004, on the assessed values as of January 1, 2004, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2005 represent the collection of 2004 taxes. Public utility real and tangible personal property taxes received in 2004 became a lien on December 31, 2003, were levied after October 1, 2004, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2005 (other than public utility property) represent the collection of 2005 taxes. Tangible personal property taxes received in 2005 were levied after October 1, 2004, on the true value as of December 31, 2004. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Township operations for the year ended December 31, 2005, was \$5.80 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2005 property tax receipts were based are as follows:

Real Property	
Residential	\$11,084,430
Agriculture	4,496,010
Commercial/Industrial/Mineral	97,920
Public Utility Property	
Real	52,030
Personal	982,090
Tangible Personal Property	49,960
Total Assessed Value	<u>\$16,762,440</u>

NOTE 7 – RISK MANAGEMENT

The Township belongs to the Ohio Government Risk Management Plan (the "Plan"), an unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to approximately 460 Ohio governments ("Members").

**NORWICH TOWNSHIP
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005
(Continued)**

NOTE 7 – RISK MANAGEMENT – (CONTINUED)

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each Member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the Member's deductible.

The Plan issues its own policies and reinsures the Plan with A- VII or better rated carriers, except for the 15% casualty and the 10% property portions the Plan retains. The Plan pays the lesser of 15% or \$37,500 of casualty losses and the lesser of 10% or \$100,000 of property losses. Individual Members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other obligation to the Plan. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31:

	<u>2005</u>	<u>2004</u>
Assets	\$8,219,430	\$6,685,522
Liabilities	<u>(2,748,639)</u>	<u>(2,227,808)</u>
Members' Equity	<u>\$5,470,791</u>	<u>\$4,457,714</u>

You can read the complete audited financial statements for The Ohio Government Risk Management Plan at the Plan's website, www.ohioplan.org.

There were no significant reductions in coverage from prior years and claims have not exceeded insurance coverage in any of the past three years. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is based on accident history and administrative costs. The Township does not offer coverage for employee health insurance.

NOTE 8 – DEFINED BENEFIT PENSION PLAN

A. Ohio Public Employees Retirement System

The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

**NORWICH TOWNSHIP
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005
(Continued)**

NOTE 8 – DEFINED BENEFIT PENSION PLAN – (CONTINUED)

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the year ended December 31, 2005, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 8.5 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary; members in public safety contributed 9 percent. The Township's contribution rate for pension benefits for 2005 was 9.55 percent, except for those plan members in law enforcement or public safety. For those classifications, the Township's pension contributions were 12.7 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Township's required contributions for pension obligations to the traditional plan for the years ended December 31, 2005, 2004, and 2003, were \$6,307, \$5,319, and \$2,689 respectively. The full amount has been contributed for 2005, 2004, and 2003.

NOTE 9 - POSTEMPLOYMENT BENEFITS

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2005 local government employer contribution rate was 13.55 percent of covered payroll; 4.00 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2004, include a rate of return on investments of 8.00 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase between 1.00 and 6.00 percent annually for the next eight years and 4.00 percent annually after eight years.

**NORWICH TOWNSHIP
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005
(Continued)**

NOTE 9 - POSTEMPLOYMENT BENEFITS – (CONTINUED)

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

The number of active contributing participants in the traditional and combined plans was 376,109. The number of active contributing participants for both plans used in the December 31, 2004 actuarial valuation was 355,287. OPERS's net assets available for payment of benefits at December 31, 2004, (the latest information available) were \$10.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.5 billion and \$18.7 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. In addition to the HCP, OPERS has taken additional action to improve the solvency of the Health Care Fund in 2005 by creating a separate investment pool for health care assets. As an additional component of the HCPP, member and employee contribution rates increased as of January 1, 2006, which will allow additional funds to be allocated to the health care plan.

NOTE 10 - NOTES PAYABLE

A summary of the note transactions for the year ended December 31, 2005, follows:

	Interest Rate	Balance December 31, 2004	Additions	Payments	Balance December 31, 2005
<u>Miller Road Widening and Resurfacing OPWC Loan C102H</u>	0%	37,371	37,371	\$1,869	\$35,502

The above loan is a no interest loan provided by the Ohio Public Works Commission and has a term of 10 years with 2 semi-annual payments of \$1,868.56.

The following is a summary of the Township's future annual debt service requirements:

Year	Principal
2006	\$3,737
2007	3,737
2008	3,737
2009	3,737
2010	3,737
2011-2015	16,817
Totals	<u>\$35,502</u>

**NORWICH TOWNSHIP
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005
(Continued)**

NOTE 10 - NOTES PAYABLE – (CONTINUED)

The Ohio Revised Code provides that net general obligation debt of the Township, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Township. The Revised Code further provides that total voted and unvoted net debt of the Township less the same exempt debt shall never exceed amount equal to 10.5 percent of its tax valuation. The effect of the debt limitations at December 31, 2005, was an overall debt limit of \$1,616,186.

NOTE 11 – CONTINGENT LIABILITIES

Amounts grantor agencies pay to the Township are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

NOTE 12 – JOINTLY GOVERNED ORGANIZATION

The Willard Area Council of Governments which includes the City Of Willard, New Haven Township, Greenfield Township, Norwich Township and Richmond Township and was developed in 1971 to serve as a coordinating, advisory council that has no authority and no power beyond its ability to present reasonable proposals for joint legislative and administrative study and action by the parties. The Council will

- review existing legislation covering land use, public safety and other matters of common interest to the members;
- review the administration of the regulation of land use and other administrative problems common to all the members;
- propose uniform legislation for study and adoption by the city and the townships in areas of mutual concern to the city and townships.
- propose uniform administrative procedures for the regulation of land use and other administrative problems common to all members
- apply for any present or future grants available from the State or Federal governments or agencies for the purpose of promoting area-wide solutions to local government problems;
- Keep a record or journal of all meetings and all official actions
- make such rules and regulations as required to govern the meetings and operation of the Council; and
- organize and take whatever reasonable or legal action as the Council deems desirable to accomplish the within stated purpose.

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Mary Taylor, CPA

Auditor of State

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

Norwich Township
Huron County
6299 Sherman Norwich Road
Attica, Ohio 44807-9631

To the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Norwich Township, Huron County (the Township) as of and for the year ended December 31, 2005, which collectively comprise the Township's basic financial statements and have issued our report thereon dated August 28, 2007, wherein we noted the Township prepared its financial statements on the cash basis of accounting. We also noted that the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses.

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, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note a certain noncompliance matter that we reported to the Township's management in a separate letter dated August 28, 2007.

We intend this report solely for the information and use of the audit committee, management and Township Board of Trustees. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

August 28, 2007



Mary Taylor, CPA
Auditor of State

NORWICH TOWNSHIP

HURON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
OCTOBER 2, 2007**