



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, 2006, 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, 2006, and the respective changes in cash financial position and the respective budgetary comparison for the General, 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.

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.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

August 28, 2007

**NORWICH TOWNSHIP
HURON COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006
UNAUDITED**

This discussion and analysis of the Norwich Township's (the Township) financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2006, 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 2006 are as follows:

- Net assets increased \$56,978, or 35.8 percent primarily due to the continued increase of higher interest rates; an increase of gas tax receipts; additional income realized from our fire levy passed in 2004; and the receipt of unanticipated estate taxes in the amount of \$24,797.
- The Township agreed to change to 100 percent EMS coverage by the Willard EMS for the Township residents. This was due to a proposed increase of charges from Seneca County, response times that could be affected by railroad tracks, and the Willard Dept using GPS to locate their calls.

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.

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.

**NORWICH TOWNSHIP
HURON COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006
UNAUDITED
(Continued)**

Reporting the Township as a Whole

The statement of net assets and the statement of activities reflect how the Township did financially during 2006, 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; Gasoline Tax Fund; Road and Bridge Fund; and the Fire Fund.

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.

**NORWICH TOWNSHIP
HURON COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006
UNAUDITED
(Continued)**

The Township as a Whole

Table 1 provides a summary of the Township's net assets for 2006 compared to 2005 on a cash basis:

(Table 1)

Net Assets

	Governmental Activities	
	2006	2005
Assets		
Cash and Cash Equiva	\$ 215,859	\$ 158,881
Total Assets	\$ 215,859	\$ 158,881
Net Assets		
Restricted for:		
Other Purposes	\$ 152,199	\$ 129,603
Unrestricted	63,660	29,278
Total Net Assets	\$ 215,859	\$ 158,881

As mentioned previously, net assets of governmental activities increased \$56,978 during 2006. The primary reasons contributing to the increases in cash balances are as follows:

- Norwich Township received unanticipated revenue for estate tax settlements in the amount of \$24,797. This amount was not anticipated, nor appropriated for expenditures in 2006.
- The Township received higher interest rates on its investments and had growth of gas tax receipts. These amounts were not anticipated, nor appropriated for expenditures in 2006.

**NORWICH TOWNSHIP
HURON COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006
UNAUDITED
(Continued)**

Table 2 reflects the changes in net assets in 2006.

(Table 2)
Changes in Net Assets

	Governmental Activities 2006	Governmental Activities 2005
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$7,042	\$6,791
Operating Grants and Contributions	114,346	105,694
Capital Grants and Contributions		9,688
Total Program Receipts	121,388	122,173
General Receipts:		
Property and Other Local Taxes	86,760	87,239
Sale of Capital Assets		11,681
Grants and Entitlements Not Restricted to Specific Programs	47,472	40,016
Interest	3,237	1,492
Note Proceeds		37,371
Miscellaneous	54	14,657
Total General Receipts	137,523	192,456
Total Receipts	258,911	314,629
Disbursements:		
General Government	53,481	57,881
Public Safety	32,398	34,456
Public Works	109,214	156,965
Health	2,983	2,905
Capital Outlay	120	6,586
Principal Retirement	3,737	1,869
Total Disbursements	201,933	260,662
Increase in Net Assets	56,978	53,967
Net Assets, January 1	158,881	104,914
Net Assets, December 31	\$215,859	\$158,881

Program receipts for 2006 represent 47 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax monies.

**NORWICH TOWNSHIP
HURON COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006
UNAUDITED
(Continued)**

General receipts represent about 53 percent of the Township's total receipts, and of this amount, over 63 percent are local taxes. State and federal grants and entitlements make up the balance of the Township's general receipts (about 34 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 was for a new 4 drawer filing cabinet 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 are for Public Works which accounts for \$109,214. 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	Net Cost	Total Cost	Net Cost
	Of Services	of Services	Of Services	of Services
	2006	2006	2005	2005
General Government	\$ 53,481	\$53,377	\$ 57,881	\$ 57,316
Public Safety	32,398	32,398	34,456	34,456
Public Works	109,214	(11,995)	156,965	35,557
Health	2,983	2,908	2,905	2,705
Capital Outlay	120	120	6,586	6,586
Principal Retirement	3,737	3,737	1,869	1,869
Total Expenses	\$ 201,933	\$ 80,545	\$ 260,662	\$ 138,489

The dependence upon property and intergovernmental receipts is apparent as over 66 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, 2006
UNAUDITED
(Continued)**

The net costs of services remained relatively consistent from 2005 to 2006. The larger differences are in Public Works due to an increase of operating supplies and repairs and maintenance; Capital Outlay differed due to the Issue II Miller Road project payments made in 2005; and the Principal Retirement indicates that 2 payments were due in 2006 vs the 1st payment in 2005 for the OPWC loan for Miller Road project.

The Township's Funds

Total Township funds had receipts of \$258,911 and disbursements of \$201,933. The greatest change within governmental funds occurred within the General Fund, Gas Tax, and Fire Fund. The fund balance of the General Fund increased \$34,382 as the result of unanticipated estate tax revenue along with not having to spend General Fund monies on Fire and EMS services after our levy money starting to come in and for the fact that 50% of Trustee salaries are now being taken out of the Gas Tax Fund. The Gas Tax Fund increased \$12,249 as the result of an increase of anticipated gas tax receipts and the Fire Fund increased \$9,894 as a continued realization of the new fire levy.

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 \$80,487 while actual disbursements were \$43,435. 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 \$34,382 for 2006.

Debt

On December 31, 2006, the Township's outstanding debt included \$31,765 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 Government'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, 2006**

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u><u>\$215,859</u></u>
Net Assets	
Restricted for:	
Other Purposes	\$152,199
Unrestricted	<u>63,660</u>
<i>Total Fund Balances</i>	<u><u>\$215,859</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, 2006**

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	
Governmental Activities				
Current:				
General Government	\$53,481	\$104		(\$53,377)
Public Safety	32,398			(32,398)
Public Works	109,214	6,863	\$114,346	11,995
Health	2,983	75		(2,908)
Debt Service:				
Principal	3,737			(3,737)
Capital Outlay	120			(120)
<i>Total Governmental Activities</i>	<u>\$201,933</u>	<u>\$7,042</u>	<u>\$114,346</u>	<u>(80,545)</u>

General Receipts

Property Taxes	86,760
Grants and Entitlements not Restricted to Specific Programs	47,472
Earnings on Investments	3,237
Miscellaneous	54
	<u>137,523</u>
<i>Total General Receipts</i>	137,523
Change in Net Assets	56,978
<i>Net Assets Beginning of Year</i>	<u>158,881</u>
<i>Net Assets End of Year</i>	<u>\$215,859</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, 2006**

	General	Gasoline Tax	Road and Bridge	Fire Levy	Other Governmental	Total
Assets						
Equity in Pooled Cash and Cash Equivalents	\$63,660	\$93,880	\$18,187	\$19,342	\$20,790	\$215,859
Fund Balances						
Reserved:						
Reserved for Encumbrances		\$2,150			\$376	\$2,526
Unreserved:						
Undesignated, Reported in:						
General Fund	\$63,660					63,660
Special Revenue		91,730	\$18,187	\$19,342	20,414	149,673
Total Fund Balances	\$63,660	\$93,880	\$18,187	\$19,342	\$20,790	\$215,859

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, 2006**

	General	Gasoline Tax	Road and Bridge	Fire Levy	Other Governmental	Total
Receipts						
Local Taxes	\$26,949		\$22,458	\$37,353	\$6,863	\$93,623
Intergovernmental	47,473	\$86,339	2,987	4,939	15,406	157,144
Charges for Services					75	75
Licenses, Permits, and Fees	104					104
Earnings on Investments	3,237	3,760			914	7,911
Miscellaneous	54					54
<i>Total Receipts</i>	<u>77,817</u>	<u>90,099</u>	<u>25,445</u>	<u>42,292</u>	<u>23,258</u>	<u>258,911</u>
Disbursements						
Current:						
General Government	39,632	13,849				53,481
Public Safety				32,398		32,398
Public Works	900	64,001	21,956		22,357	109,214
Health	2,783				200	2,983
Debt Service:						
Principal					3,737	3,737
Capital Outlay	120					120
<i>Total Disbursements</i>	<u>43,435</u>	<u>77,850</u>	<u>21,956</u>	<u>32,398</u>	<u>26,294</u>	<u>201,933</u>
<i>Net Change in Fund Balances</i>	34,382	12,249	3,489	9,894	(3,036)	56,978
<i>Fund Balances Beginning of Year</i>	<u>29,278</u>	<u>81,631</u>	<u>14,698</u>	<u>9,448</u>	<u>23,826</u>	<u>158,881</u>
<i>Fund Balances End of Year</i>	<u><u>\$63,660</u></u>	<u><u>\$93,880</u></u>	<u><u>\$18,187</u></u>	<u><u>\$19,342</u></u>	<u><u>\$20,790</u></u>	<u><u>\$215,859</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
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Local Taxes	\$26,707	\$26,707	\$26,949	\$242
Intergovernmental	22,602	22,602	47,473	24,871
Licenses, Permits, and Fees	500	500	104	(396)
Earnings on Investments	1,400	1,400	3,237	1,837
Miscellaneous			54	54
<i>Total receipts</i>	51,209	51,209	77,817	26,608
Disbursements				
Current:				
General Government	55,587	55,587	39,632	15,955
Public Works	1,000	1,000	900	100
Health	3,900	3,900	2,783	1,117
Capital Outlay	20,000	20,000	120	19,880
<i>Total Disbursements</i>	80,487	80,487	43,435	37,052
<i>Net Change in Fund Balance</i>	(29,278)	(29,278)	34,382	63,660
<i>Fund Balance - Budget Basis Beginning of Year</i>	29,278	29,278	29,278	
<i>Fund Balance - Budget Basis End of Year</i>	29,278	29,278	\$63,660	\$63,660

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, 2006**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$74,000	\$74,000	\$86,339	\$12,339
Earnings on Investments	900	900	3,760	2,860
Miscellaneous				
<i>Total receipts</i>	<u>74,900</u>	<u>74,900</u>	<u>90,099</u>	<u>15,199</u>
Disbursements				
Current:				
General Government	13,850	14,031	13,849	182
Public Works	142,681	142,500	66,151	76,349
<i>Total Disbursements</i>	<u>156,531</u>	<u>156,531</u>	<u>80,000</u>	<u>76,531</u>
<i>Net Change in Fund Balance</i>	(81,631)	(81,631)	10,099	91,730
<i>Fund Balance - Budget Basis Beginning of Year</i>	<u>\$81,631</u>	<u>\$81,631</u>	<u>81,631</u>	
<i>Fund Balance - Budget Basis End of Year</i>			<u><u>\$91,730</u></u>	<u><u>\$91,730</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, 2006**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Local Taxes	\$22,246	\$22,246	\$22,458	\$212
Intergovernmental	2,900	2,900	2,987	87
<i>Total receipts</i>	<u>25,146</u>	<u>25,146</u>	<u>25,445</u>	<u>299</u>
Disbursements				
Current:				
Public Works	39,844	39,844	21,956	17,888
<i>Net Change in Fund Balance</i>	(14,698)	(14,698)	3,489	18,187
<i>Fund Balance - Budget Basis Beginning of Year</i>	<u>\$14,698</u>	<u>\$14,698</u>	<u>14,698</u>	
<i>Fund Balance - Budget Basis End of Year</i>			<u><u>\$18,187</u></u>	<u><u>\$18,187</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, 2006**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Local Taxes	\$36,964	\$36,964	\$37,353	\$389
Intergovernmental	4,900	4,900	4,939	39
<i>Total receipts</i>	<u>41,864</u>	<u>41,864</u>	<u>42,292</u>	<u>428</u>
Disbursements				
Current:				
Public Safety	51,312	51,312	32,398	18,914
<i>Net Change in Fund Balance</i>	(9,448)	(9,448)	9,894	19,342
<i>Fund Balance - Budget Basis Beginning of Year</i>	<u>\$9,448</u>	<u>\$9,448</u>	<u>9,448</u>	
<i>Fund Balance - Budget Basis End of Year</i>			<u><u>\$19,342</u></u>	<u><u>\$19,342</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, 2006**

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

See accompanying notes to the basic financial statements

**NORWICH TOWNSHIP
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006**

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 Organization:

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:

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, 2006
(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, Gasoline Tax, Road and Bridge, and Fire 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.

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.

**NORWICH TOWNSHIP
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(Continued)**

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

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 has 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.

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".

**NORWICH TOWNSHIP
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(Continued)**

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

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 2006, 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 2006 was \$3,237.

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 are 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.

NOTE 3 – 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). The encumbrances outstanding at year end (budgetary basis) amounted to \$2,150 in the gasoline tax fund.

**NORWICH TOWNSHIP
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(Continued)**

NOTE 4 – 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.

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).

**NORWICH TOWNSHIP
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(Continued)**

NOTE 4 – DEPOSITS AND INVESTMENTS – (CONTINUED)

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, \$123,565 of the Township's bank balance of \$223,565 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.

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 2006 represent the collection of 2005 taxes. Real property taxes received in 2006 were levied after October 1, 2005, on the assessed values as of January 1, 2005, 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 2006 represent the collection of 2005 taxes. Public utility real and tangible personal property taxes received in 2005 became a lien on December 31, 2004, were levied after October 1, 2005, 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 2006 (other than public utility property) represent the collection of 2005 taxes. Tangible personal property taxes received in 2006 were levied after October 1, 2005, on the true value as of December 31, 2005. 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.

**NORWICH TOWNSHIP
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(Continued)**

NOTE 6 – PROPERTY TAXES – (CONTINUED)

The full tax rate for all Township operations for the year ended December 31, 2006, was \$5.80 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2006 property tax receipts were based are as follows:

Real Property	
Residential	\$11,506,360
Agriculture	4,533,410
Commercial/Industrial/Mineral	97,920
Public Utility Property	
Real	51,750
Personal	712,500
Total Assessed Value	<hr/> <hr/> <u>\$16,901,940</u>

NOTE 7 – RISK MANAGEMENT

Risk Pool Membership

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").

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.

**NORWICH TOWNSHIP
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(Continued)**

NOTE 7 – RISK MANAGEMENT – (CONTINUED)

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2005 and 2004 (the latest information available):

	<u>2005</u>	<u>2004</u>
Assets	\$8,219,430	\$6,685,522
Liabilities	(2,748,639)	(2,227,808)
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.

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) 222-5601 or (800) 222-7377.

For the year ended December 31, 2006, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 9.0 percent of their annual covered salaries. The Township's contribution rate for pension benefits for 2006 was 9.0 percent, except for those plan members in law enforcement or public safety. For those classifications, the Township's pension contributions were 13.7 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

**NORWICH TOWNSHIP
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(Continued)**

NOTE 8 – DEFINED BENEFIT PENSION PLAN – (CONTINUED)

The Township's required contributions for pension obligations to the traditional plan for the years ended December 31, 2006, 2005, and 2004, were \$5,690, \$6,307 and \$5,319 respectively. The full amount has been contributed for 2006, 2005, and 2004.

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 2006 local government employer contribution rate was 13.70 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, 2005, include a rate of return on investments of 6.50 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 .50 and 6.00 percent annually for the next nine years and 4.00 percent annually after eight years.

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, not to exceed a 12% corridor.

The number of active contributing participants in the traditional and combined plans was 379,214 as of December 31, 2006. The number of active contributing participants for both plans used in the December 31, 2005, actuarial valuation was 358,804. OPERS's net assets available for payment of benefits at December 31, 2005, (the latest information available) were \$11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$31.3 billion and \$20.2 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, and January 1, 2007, which will allow additional funds to be allocated to the health care plan.

**NORWICH TOWNSHIP
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(Continued)**

NOTE 10 - NOTES PAYABLE

A summary of the note transactions for the year ended December 31, 2006, follows:

	Interest Rate	Balance December 31, 2005	Additions	Payments	Balance December 31, 2006
<u>Miller Road Widening and Resurfacing OPWC Loan C102H</u>	0%	\$35,502		\$3,737	\$31,765

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

The general obligation bonds are supported by the full faith and credit of the Township and are payable from unvoted property tax receipts to the extent that other resources are not available to meet annual principal and interest payments.

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

Year	Principal
2007	\$3,737
2008	3,737
2009	3,737
2010	3,737
2011	3,737
2012-2015	13,080
Totals	<u>\$31,765</u>

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 effects of the debt limitations at December 31, 2006, were an overall debt limit of \$1,668,125

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.

**NORWICH TOWNSHIP
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(Continued)**

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.



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, 2006, 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 as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the 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 performing their assigned functions, 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 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 the Township's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Township's internal control will not prevent or detect a material financial statement misstatement.

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www.auditor.state.oh.us

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 internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

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.



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**