



**Auditor of State  
Betty Montgomery**



ORANGE TOWNSHIP  
ASHLAND COUNTY

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Orange Township  
Ashland County  
835 Township Road 1101  
Ashland, Ohio 44805

To the Board of Trustees:

We have audited the accompanying financial statements of Orange Township, Ashland County, Ohio, (the Township) as of and for the years ended December 31, 2002 and 2001. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Township as of December 31, 2002 and 2001, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 2, 2003, 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Orange Township  
Ashland County  
Independent Accountants' Report  
Page 2

This report is intended solely for the information and use of management, the Board of Trustees, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

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

**Betty Montgomery**  
Auditor of State

June 2, 2003

**ORANGE TOWNSHIP  
ASHLAND COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Expendable Trust</u>	
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$52,217	\$125,620		\$177,837
Intergovernmental	88,456	84,828		173,284
Charges for Services		456		456
Licenses, Permits, and Fees	4,505	4,205		8,710
Earnings on Investments	2,452	54	\$355	2,861
Rental and Lease Income	2,511			2,511
Other Revenue	2,108	1,875		3,983
	<u>152,249</u>	<u>217,038</u>	<u>355</u>	<u>369,642</u>
<b>Total Cash Receipts</b>				
<b>Cash Disbursements:</b>				
Current:				
General Government	63,922			63,922
Public Safety		45,286		45,286
Public Works	45,738	181,718		227,456
Health	1,116	4,530		5,646
Debt Service:				
Redemption of Principal	12,500			12,500
Interest and Fiscal Charges	531			531
Capital Outlay	7,585	660		8,245
	<u>131,392</u>	<u>232,194</u>		<u>363,586</u>
<b>Total Cash Disbursements</b>				
Total Cash Receipts Over/(Under) Cash Disbursements	<u>20,857</u>	<u>(15,156)</u>	<u>355</u>	<u>6,056</u>
<b>Other Financing Receipts and (Disbursements):</b>				
Sale of Fixed Assets		1,850		1,850
Advances-In	6,000	7,698		13,698
Advances-Out	(7,698)	(6,000)		(13,698)
	<u>(1,698)</u>	<u>3,548</u>		<u>1,850</u>
<b>Total Other Financing Receipts/(Disbursements)</b>				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	19,159	(11,608)	355	7,906
Fund Cash Balances, January 1	<u>39,372</u>	<u>94,275</u>	<u>14,497</u>	<u>148,144</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$58,531</u></b>	<b><u>\$82,667</u></b>	<b><u>\$14,852</u></b>	<b><u>\$156,050</u></b>
Reserve for Encumbrances, December 31	<u>\$3,000</u>	<u>\$700</u>	<u>\$0</u>	<u>\$3,700</u>

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

**ORANGE TOWNSHIP  
ASHLAND COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>			<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Expendable Trust</u>	
<b>Cash Receipts:</b>					
Property and Other Local Taxes	\$52,088	\$128,880			\$180,968
Intergovernmental	43,318	81,147			124,465
Licenses, Permits, and Fees	3,380	3,580			6,960
Earnings on Investments	4,849	58		\$596	5,503
Rental and Lease Income	2,311				2,311
Other Revenue	5,728	1,625			7,353
<b>Total Cash Receipts</b>	<u>111,674</u>	<u>215,290</u>		<u>596</u>	<u>327,560</u>
<b>Cash Disbursements:</b>					
Current:					
General Government	64,535				64,535
Public Safety		43,898			43,898
Public Works	45,566	138,948			184,514
Health	1,488	10,350			11,838
Debt Service:					
Redemption of Principal			\$6,250		6,250
Interest and Fiscal Charges			964		964
Capital Outlay	1,428	4,695			6,123
<b>Total Cash Disbursements</b>	<u>113,017</u>	<u>197,891</u>	<u>7,214</u>		<u>318,122</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(1,343)</u>	<u>17,399</u>	<u>(7,214)</u>	<u>596</u>	<u>9,438</u>
<b>Other Financing Receipts and (Disbursements):</b>					
Transfers-In			7,214		7,214
Advances-In	8,475	11,975			20,450
Transfers-Out	(7,214)				(7,214)
Advances-Out	(11,975)	(8,475)			(20,450)
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>(10,714)</u>	<u>3,500</u>	<u>7,214</u>		
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(12,057)	20,899		596	9,438
Fund Cash Balances, January 1	51,429	73,376		13,901	138,706
<b>Fund Cash Balances, December 31</b>	<u><b>\$39,372</b></u>	<u><b>\$94,275</b></u>	<u><b>\$0</b></u>	<u><b>\$14,497</b></u>	<u><b>\$148,144</b></u>
Reserves for Encumbrances, December 31	<u>\$2,882</u>	<u>\$610</u>	<u>\$0</u>	<u>\$0</u>	<u>\$3,492</u>

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



**ORANGE TOWNSHIP  
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Orange Township, Ashland County, (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides general governmental services, including road and bridge maintenance, recreation facilities, and cemetery maintenance. The Township contracts with the Orange Fire Company to provide fire services and contracts with the City of Ashland to provide emergency and non-emergency medical services.

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

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

**C. Cash and Investments**

Investments are reported as part of the fund cash balance. 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 disbursements, respectively.

Money market mutual funds (including STAR Ohio) are recorded at share values reported by the mutual fund.

**D. Fund Accounting**

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

**1. General Fund**

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

**ORANGE TOWNSHIP  
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**2. Special Revenue Funds**

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

*Road and Bridge Fund* - This fund receives property tax money to pay for constructing, maintaining and repairing Township roads and bridges.

*Gasoline Tax Fund* - This fund receives gasoline tax money to pay for constructing, maintaining and repairing Township roads.

**3. Debt Service Fund**

The debt service fund is used to accumulate resources for the payment of note indebtedness. The Township had the following Debt Service Fund:

*General Note Retirement Fund* – This fund receives transfers from the General Fund to pay for the retirement of debt relating to the purchase of the Township's tractor-mower.

**4. Fiduciary Fund (Expendable Trust Fund)**

This fund is used to account for resources restricted by legally binding trust agreements and funds for which the Township is acting in an agency capacity. The Township had the following fiduciary fund:

*Cemetery Bequest Fund* – This fund receives donations and interest earned on investments to pay for the maintenance of the cemetery.

**E. Budgetary Process**

The Ohio Revised Code requires that each fund be budgeted annually.

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the function level of control for the General Fund and fund level of control for all other funds, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

**ORANGE TOWNSHIP  
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Budgetary Process (Continued)**

**3. Encumbrances**

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2002 and 2001 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**G. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's basis of accounting.

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

The Township maintains a cash and investments pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

	<u>2002</u>	<u>2001</u>
Demand deposits	\$23,418	\$24,710
STAR Ohio	<u>132,632</u>	<u>123,434</u>
Total deposits and investments	<u><u>\$156,050</u></u>	<u><u>\$148,144</u></u>

**Deposits:** Deposits are either insured by the Federal Depository Insurance Corporation, or collateralized by the financial institution's public entity deposit pool.

**Investments:** Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**ORANGE TOWNSHIP  
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2002 and 2001 follows:

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$127,890	\$152,249	\$24,359
Special Revenue	248,403	218,888	(29,515)
Debt Service	0	0	0
Fiduciary (Expendable Trust)	927	355	(572)
Total	\$377,220	\$371,492	(\$5,728)

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$167,262	\$134,392	\$32,870
Special Revenue	336,681	232,894	103,787
Debt Service	6,881	0	6,881
Fiduciary (Expendable Trust)	15,423	0	15,423
Total	\$526,247	\$367,286	\$158,961

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$108,092	\$111,674	\$3,582
Special Revenue	242,942	215,290	(27,652)
Debt Service	10,578	7,214	(3,364)
Fiduciary (Expendable Trust)	900	596	(304)
Total	\$362,512	\$334,774	(\$27,738)

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$159,521	\$115,899	\$43,622
Special Revenue	315,819	198,501	117,318
Debt Service	7,578	7,214	364
Fiduciary (Expendable Trust)	14,801	0	14,801
Total	\$497,719	\$321,614	\$176,105

**ORANGE TOWNSHIP  
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**4. PROPERTY TAX**

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

**5. DEBT**

The Township had no debt outstanding at December 31, 2002.

**6. RETIREMENT SYSTEM**

All Township employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2002 and 2001, OPERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 2002.

**7. RISK MANAGEMENT**

**Commercial Insurance**

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL  
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Orange Township  
Ashland County  
835 Township Road 1101  
Ashland, Ohio 44805

To the Board of Trustees:

We have audited the accompanying financial statements of Orange Township, Ashland County, Ohio, (the Township) as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated June 2, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

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

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a 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 in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated June 2, 2003.

Orange Township  
Ashland County  
Independent Accountants' Report on Compliance and on Internal Control  
Required by *Government Auditing Standards*  
Page 2

This report is intended solely for the information and use of management and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

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

**Betty Montgomery**  
Auditor of State

June 2, 2003



**ORANGE TOWNSHIP  
ASHLAND COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2002 AND 2001**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain:</i></b>
2000-40503-001	Revised Code 5705.41(D), failure to properly certify funds.	Yes	





**Auditor of State  
Betty Montgomery**

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-466-4490

**ORANGE TOWNSHIP**

**ASHLAND 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  
JULY 22, 2003**