

**ORANGE TOWNSHIP
MEIGS COUNTY
Regular Audit
December 31, 2005 and 2004**



**Auditor of State
Betty Montgomery**

Board of Trustees
Orange Township, Meigs County
41520 Keebaugh Follrod Rd.
Pomeroy, OH 45769

We have reviewed the *Independent Accountants' Report* of Orange Township, Meigs County, prepared by Perry and Associates, Certified Public Accountants, A.C., for the audit period January 1, 2004 through December 31, 2005. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements for the year ended December 31, 2004 in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Accountants' Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Accountants' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

July 11, 2006

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**ORANGE TOWNSHIP
MEIGS COUNTY**

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Perry & Associates
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INDEPENDENT ACCOUNTANTS' REPORT

June 23, 2006

Orange Township
Meigs County
41520 Keebaugh-Follrod Road
Pomeroy, Ohio 43946

To the Board of Trustees:

We have audited the accompanying financial statements of Orange Township, Meigs County, Ohio, (the Township) as of and for the year ended December 31, 2004. In addition, we have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Orange Township, Meigs County, Ohio as of and for the year ended December 31, 2005. 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. We believe our audit provides a reasonable basis for our opinions.

As described more fully in Note 2, the Township has prepared the 2004 financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material. Also, as discussed in Note 2, the accompanying 2005 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.

Revisions to GAAP would require the Township to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the combined funds the accompanying financial statements present for 2004, the revisions require presenting entity wide statements and also to present it's larger (i.e. major) funds separately beginning in 2004. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Township has elected not to reformat its 2004 statements. Since the Township does not use GAAP to measure the 2004 financial statement amounts, the following paragraph does not imply the amounts reported for the year ended December 31, 2004 are materially misstated under the accounting basis the Auditor of State permits.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 2004 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2004 or their changes in financial position for the year then ended.

Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, the financial statements referred to above for the year ended December 31, 2005 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 the Township as of December 31, 2005, and the respective changes in financial position and the respective budgetary comparison for the General Fund, MVL Fund, Gasoline Tax Fund and Fema Fund thereof for the year then ended in conformity with the basis of accounting Note 1 describes.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Orange Township, Meigs County, as of December 31, 2004, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Township to include Management's Discussion and Analysis for the year ended December 31, 2004. The Government has not presented Management's Discussion and Analysis as of December 31, 2004, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

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 Analysis-for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2006, 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.

Orange Township
Meigs County
Independent Accountants' Report
Page 3

Management's Discussion and analysis and the respective budgetary comparison for the General Fund, MVL Fund, Gasoline Tax Fund and Fema Fund are not a required part of the basic financial statements but are supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures consisting of inquires 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.

Respectfully Submitted,

Perry and Associates
Certified Public Accountants, A.C.

**ORANGE TOWNSHIP
MEIGS COUNTY**

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

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

Highlights

Key highlights for 2005 are as follows:

Net assets of governmental activities increased \$10,334 or 9 percent. The fund most affected by the increase in cash and cash equivalents was the Gasoline Fund, which realized the greatest burden of increased costs in 2005; however, cost increases affected most funds.

The Government's largest general receipts are gasoline taxes. These receipts represent 45 percent of the total cash received for governmental activities during the year. Property tax receipts for 2005 changed very little compared to 2004 as development within the Government has slowed.

FEMA funds received in 2005 for road repairs were in the amount of \$112,654.

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 Government'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 Government as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Government 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.

**ORANGE TOWNSHIP
MEIGS COUNTY**

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

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Government 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 Government'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.

Reporting the Government as a Whole

The statement of net assets and the statement of activities reflect how the Government did financially during 2005, within the limitations of cash basis accounting. The statement of net assets presents the cash balances of the governmental activities of the Government 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 Government's general receipts.

These statements report the Government'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 Government's financial health. Over time, increases or decreases in the Government's cash position is one indicator of whether the Government's financial health is improving or deteriorating. When evaluating the Government's financial condition, you should also consider other non-financial factors as well such as the Government's property tax base, the condition of the Government's capital assets and infrastructure, the extent of the Government'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 tax.

Activities of the Government are listed in the statement of net assets and statement of activities.

Governmental activities. The Government's basic services are reported here. Gasoline tax, along with property tax and other tax, finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

**ORANGE TOWNSHIP
MEIGS COUNTY**

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

Reporting the Government's Most Significant Funds

Fund financial statements provide detailed information about the Government's major funds – not the Government as a whole. The Government 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.

Governmental Funds - The Government's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Government'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 Government's programs. The Government'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 Government's major governmental funds are the General Fund, Motor Vehicle Lic. Tax, Gasoline Tax and Fema Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements. We describe this relationship in reconciliations presented with the governmental fund financial statements.

The Government as a Whole

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

	G o v e r n m e n t a l A c t i v i t i e s	
	2 0 0 5	2 0 0 4
A s s e t s		
C a s h a n d C a s h E q u i v a l e n t s	\$ 1 2 4 , 1 9 2	\$ 1 1 3 , 8 5 8
T o t a l A s s e t s	1 2 4 , 1 9 2	1 1 3 , 8 5 8
 N e t A s s e t s		
R e s t r i c t e d f o r :		
O t h e r P u r p o s e s	1 0 1 , 4 8 1	9 3 , 3 1 0
U n r e s t r i c t e d	2 2 , 7 1 0	2 0 , 5 4 8
T o t a l N e t A s s e t s	\$ 1 2 4 , 1 9 1	\$ 1 1 3 , 8 5 8

As mentioned previously, net assets of governmental activities increased \$10,334 or 9 percent during 2005. The primary reasons contributing to the increase in cash balances is the gasoline fund.

**ORANGE TOWNSHIP
MEIGS COUNTY**

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

The Government as a Whole (Continued)

Table 2 reflects the changes in net assets in 2005. Since the Government 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
(CHANGE IN NET ASSETS)**

		Governmental Activities 2005
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$	232,703
Total Program Receipts		<u>232,703</u>
General Receipts:		
Property and Other Local Taxes		34,422
Interest		668
Total General Receipts		<u>35,090</u>
Total Receipts		<u>267,793</u>
Disbursements:		
General Government		
Security of Persons and Property		27,197
Public Health Services		16,824
Roads		206,428
Principal Retirement		5,985
Interest and Fiscal Charges		1,126
Total Disbursements		<u>257,560</u>
Other Financing Sources		100
Increase (Decrease) in Net Assets		<u>10,333</u>
Net Assets, January 1, 2005		113,858
Net Assets, December 31, 2005	\$	<u><u>124,192</u></u>

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

The Government as a Whole (Continued)

Program receipts represent 60 percent of the total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money.

General receipts represent 30 percent of the Government's total receipts, and of this amount, over 60 percent are local taxes. State and federal grants and entitlements make up the balance of the Government's general receipts (10 percent). Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Government and the support services provided for the other Government activities. These include the costs of council such as salaries, insurance, retirement and worker's compensation. These costs do not represent direct services to residents but entail 75 % of General Fund unrestricted receipts.

Security of Persons and Property are the costs of emergency medical and fire protection; Public Health Services is the health department; and Transportation is the cost of maintaining the roads.

Governmental Activities

If you look at the "Statement of Activities – Cash Basis" which is attached, you will see that the first column lists the major services provided by the Government. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for transportation and security of persons and property, which account for 80% and 10% of all governmental disbursements, respectively. General government represents about 8%. 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 Government 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.

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

Governmental Activities (Continued)

(Table 3)		
Governmental Activities		
	Total Cost	Net Cost
	Of Services	of Services
	2005	2005
General Government	\$ -	\$ -
Security of Persons and Property	27,197	27,111
Public Health Services	16,824	16,824
Transportation	206,427	108,751
Principal Retirement	5,985	5,985
Interest and Fiscal Cost	1,126	1,126
Total Expenses	\$ 257,559	\$ 159,797

The dependence upon intergovernmental receipts is apparent as over 70 percent of governmental activities are supported through these general receipts.

The Government's Funds

Total governmental funds had receipts of \$267,792 and disbursements of \$257,559. Funding increases remained minimal for General, MVL and Fema funds. Gasoline Fund shows the largest increase in receipts with slightly over an \$7,789 increase.

General Fund receipts were \$2,161 over disbursements. Overall receipts were \$10,333 over disbursements during 2005 carried by the Gasoline fund. Management has to date preferred a reduction in disbursements to requesting additional funds from the taxpayers. The Township has not purchased much needed equipment in lieu of the primary responsibility of repairing and maintaining the Township roads.

General Fund Budgeting Highlights

The Government'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 Gasoline Fund.

During 2005, the Government amended its budget to reflect changing circumstances. Several amended certificates were requested during the year to cover increases in budget amounts. The difference between final budgeted receipts and actual receipts was not significant.

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

General Fund Budgeting Highlights (continued)

Although receipts failed to live up to expectations, appropriations were reduced. The Government kept spending very close to budgeted amounts as demonstrated by the minor reported variances. The result is the increase in fund balance of \$10,334 for 2005.

Capital Assets and Debt Administration

Capital Assets

The Government does not currently keep track of its capital assets and infrastructure.

Debt

At December 31, 2005, the Township's outstanding debt included a promissory note for \$25,027 issued in 2004 for \$30,012 to finance the purchase of a new backhoe. The note is collateralized solely by the backhoe. The Township makes payments on an annual basis.

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 gasoline taxes and have very little industry to support the tax base.

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 Government's finances and to reflect the Government'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 Osie Follrod, Fiscal Officer, Orange Township, 41520 Keebaugh/Follrod Road, Pomeroy, Ohio 45769.

Orange Township, Meigs County
Statement of Net Assets - Cash Basis
December 31, 2005

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 124,192
Investments	
<i>Total Assets</i>	124,192
 Net Assets	
Restricted for:	
Other Purposes	101,481
Unrestricted	22,710
<i>Total Net Assets</i>	\$ 124,192

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

Orange Township, Meigs 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	Governmental Activities
Governmental Activities				
General Government	\$ 27,197	\$ -	\$ 86	\$ (27,111)
Public Safety	16,824	-	-	(16,824)
Public Works	206,427	-	97,676	(108,751)
Debt Service:				
Principal	5,985	-	-	(5,985)
Interest	1,126	-	-	(1,126)
<i>Total Governmental Activities</i>	<u>\$ 257,559</u>	<u>\$ -</u>	<u>\$ 97,762</u>	<u>\$ (159,798)</u>
General Receipts				
Property Taxes				37,442
Other Taxes				1,332
Grants and Entitlements not Restricted to Specific Programs				130,588
Sale of Fixed Assets				100
Interest				668
<i>Total General Receipts</i>				<u>170,131</u>
Change in Net Assets				<u>10,333</u>
<i>Net Assets Beginning of Year</i>				<u>113,858</u>
<i>Net Assets End of Year</i>				<u>\$ 124,192</u>

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

Orange Township, Meigs County
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2005

	General	Motor Vehicle Lic. Tax	Gasoline Tax	FEMA	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$ 22,710	\$ 31,663	\$ 56,738	\$ 3,211	\$ 9,868	\$ 124,192
Investments	-	-	-	-	-	-
<i>Total Assets</i>	<u>22,710</u>	<u>31,663</u>	<u>56,738</u>	<u>3,211</u>	<u>9,868</u>	<u>124,192</u>
Fund Balances						
Reserved:						
Reserved for Encumbrances	-	-	-	-	-	-
Unreserved:						
Undesignated (Deficit), Reported in:						
General Fund	22,710	-	-	-	-	22,710
Special Revenue Funds	-	31,663	56,738	3,211	9,868	101,481
<i>Total Fund Balances</i>	<u>\$ 22,710</u>	<u>\$ 31,663</u>	<u>\$ 56,738</u>	<u>\$ 3,211</u>	<u>\$ 9,868</u>	<u>\$ 124,192</u>

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

Orange Township, Meigs County
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2005

	General	Motor Vehicle Lic. Tax	Gasoline Tax	FEMA	Other Governmental Funds	Total Governmental Funds
Receipts						
Property and Other Local Taxes	\$ 11,210	\$ -	\$ -	\$ -	\$ 23,211	\$ 34,422
Intergovernmental	19,240	14,598	83,078	112,654	3,133	232,703
Interest	175	230	264	-	-	668
<i>Total Receipts</i>	<u>30,625</u>	<u>14,827</u>	<u>83,342</u>	<u>112,654</u>	<u>26,345</u>	<u>267,793</u>
Disbursements						
Current:						
General Government	24,997	-	1,435	185	580	27,197
Public Safety	-	-	-	-	16,824	16,824
Public Works	3,565	15,425	67,006	109,102	11,328	206,427
Debt Service:						
Principal Retirement	-	-	5,985	-	-	5,985
Interest and Fiscal Charges	-	-	1,126	-	-	1,126
<i>Total Disbursements</i>	<u>28,563</u>	<u>15,425</u>	<u>75,553</u>	<u>109,287</u>	<u>28,732</u>	<u>257,559</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	2,062	(598)	7,789	3,367	(2,387)	10,233
Other Financing Sources (Uses)						
Sale of Fixed Assets	100	-	-	-	-	100
<i>Total Other Financing Sources (Uses)</i>	100	-	-	-	-	100
<i>Net Change in Fund Balances</i>	2,162	(598)	7,789	3,367	(2,387)	10,333
<i>Fund Balances Beginning of Year</i>	<u>20,548</u>	<u>32,261</u>	<u>48,949</u>	<u>(156)</u>	<u>12,256</u>	<u>113,858</u>
<i>Fund Balances End of Year</i>	<u>\$ 22,710</u>	<u>\$ 31,663</u>	<u>\$ 56,738</u>	<u>\$ 3,211</u>	<u>\$ 9,868</u>	<u>\$ 124,192</u>

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

Orange Township, Meigs 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			(Optional)
	Original	Final	Actual	Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$ 10,523	\$ 10,523	\$ 11,210	\$ 687
Intergovernmental	16,870	16,870	19,240	2,370
Interest	100	100	175	75
<i>Total receipts</i>	<u>27,493</u>	<u>27,493</u>	<u>30,625</u>	<u>3,132</u>
Disbursements				
Current:				
General Government	35,659	35,659	24,997	10,662
Public Safety	300	300	-	300
Public Works	12,082	12,082	3,565	8,517
<i>Total Disbursements</i>	<u>48,041</u>	<u>48,041</u>	<u>28,563</u>	<u>19,478</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(20,548)</u>	<u>(20,548)</u>	<u>2,062</u>	<u>22,610</u>
Other Financing Sources (Uses)				
Sale of Fixed Assets	-	-	100	100
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>-</u>	<u>100</u>	<u>100</u>
<i>Net Change in Fund Balance</i>	(20,548)	(20,548)	2,162	22,710
<i>Fund Balance Beginning of Year</i>	<u>20,548</u>	<u>20,548</u>	<u>20,548</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 0</u>	<u>\$ (0)</u>	<u>\$ 22,710</u>	<u>\$ 22,710</u>

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

Orange Township, Meigs County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
MLV Fund
For the Year Ended December 31, 2005

	Budgeted Amounts			(Optional) Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Intergovernmental	\$ 14,921	\$ 14,921	\$ 14,598	\$ (323)
Interest	113	113	230	117
<i>Total receipts</i>	<u>15,034</u>	<u>15,034</u>	<u>14,827</u>	<u>(207)</u>
Disbursements				
Current:				
Public Works	<u>47,670</u>	<u>47,089</u>	<u>15,425</u>	<u>31,663</u>
<i>Total Disbursements</i>	<u>47,670</u>	<u>47,089</u>	<u>15,425</u>	<u>31,663</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(32,636)</u>	<u>(32,055)</u>	<u>(598)</u>	<u>31,457</u>
Other Financing Sources (Uses)				
Sale of Fixed Assets	<u>375</u>	<u>375</u>	<u>-</u>	<u>(375)</u>
<i>Total Other Financing Sources (Uses)</i>	<u>375</u>	<u>375</u>	<u>-</u>	<u>(375)</u>
<i>Net Change in Fund Balance</i>	(32,261)	(31,680)	(598)	31,082
<i>Fund Balance Beginning of Year</i>	<u>32,261</u>	<u>32,261</u>	<u>32,261</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 0</u>	<u>\$ 582</u>	<u>\$ 31,663</u>	<u>\$ 31,082</u>

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

Orange Township, Meigs County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Gas Fund
For the Year Ended December 31, 2005

	Budgeted Amounts			(Optional)
	Original	Final	Actual	Variance with Final Budget Positive (Negative)
Receipts				
Intergovernmental	\$ 66,000	\$ 66,000	\$ 83,078	\$ 17,078
Interest	111	111	264	153
Other	43	43	-	(43)
<i>Total receipts</i>	<u>66,154</u>	<u>66,154</u>	<u>83,342</u>	<u>17,188</u>
Disbursements				
Current:				
General Government	3,800	3,800	1,435	2,365
Public Works	109,592	115,437	67,006	48,431
Debt Service:				
Principal Retirement	5,985	5,985	5,985	-
Interest and Fiscal Charges	1,126	1,126	1,126	-
<i>Total Disbursements</i>	<u>120,503</u>	<u>126,348</u>	<u>75,553</u>	<u>50,796</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(54,349)</u>	<u>(60,194)</u>	<u>7,789</u>	<u>67,983</u>
Other Financing Sources (Uses)				
Notes Issued	5,556	5,556	-	(5,556)
<i>Total Other Financing Sources (Uses)</i>	<u>5,556</u>	<u>5,556</u>	<u>-</u>	<u>(5,556)</u>
<i>Net Change in Fund Balance</i>	(48,793)	(54,638)	7,789	62,427
<i>Fund Balance Beginning of Year</i>	48,949	48,949	48,949	-
<i>Fund Balance End of Year</i>	<u>\$ 156</u>	<u>\$ (5,689)</u>	<u>\$ 56,738</u>	<u>\$ 62,427</u>

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

Orange Township, Meigs County
*Statement of Receipts, Disbursements and Changes
 In Fund Balance - Budget and Actual -Budget Basis
 FEMA Fund
 For the Year Ended December 31, 2005*

	<u>Budgeted Amounts</u>			(Optional) Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Intergovernmental	\$ 112,654	\$ 112,654	\$ 112,654	\$ -
<i>Total receipts</i>	<u>112,654</u>	<u>112,654</u>	<u>112,654</u>	<u>-</u>
Disbursements				
Current:				
General Government	3,552	3,552	185	3,367
Public Works	<u>109,102</u>	<u>109,102</u>	<u>109,102</u>	<u>-</u>
<i>Total Disbursements</i>	<u>112,654</u>	<u>112,654</u>	<u>109,287</u>	<u>3,367</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>-</u>	<u>-</u>	<u>3,367</u>	<u>3,367</u>
<i>Net Change in Fund Balance</i>	-	-	3,367	3,367
<i>Fund Balance Beginning of Year</i>	<u>(156)</u>	<u>(156)</u>	<u>(156)</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ (156)</u>	<u>\$ (156)</u>	<u>\$ 3,211</u>	<u>\$ 3,367</u>

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

**ORANGE TOWNSHIP
MEIGS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$10,201	\$23,266		\$33,467
Intergovernmental	19,155	101,222	67,125	187,502
Earnings on Investments	106	225		331
Other Revenue		31		31
				<u>31</u>
 Total Cash Receipts	 <u>29,462</u>	 <u>124,744</u>	 <u>67,125</u>	 <u>221,331</u>
Cash Disbursements:				
Current:				
General Government	22,675	3,552		26,227
Public Safety	300	16,499		16,799
Public Works	13,097	97,739		110,836
Capital Outlay	15,410	36,000	67,125	118,535
				<u>118,535</u>
 Total Cash Disbursements	 <u>51,482</u>	 <u>153,790</u>	 <u>67,125</u>	 <u>272,397</u>
 Total Cash Receipts Over/(Under) Disbursements	 <u>(22,020)</u>	 <u>(29,046)</u>	 <u>0</u>	 <u>(51,066)</u>
Other Financing Receipts and (Disbursements):				
Proceeds from Sale of Public Debt:				
Note Proceeds		31,012		31,012
Sale of Fixed Assets		444		444
				<u>444</u>
 Total Other Financing Receipts/(Disbursements)	 <u>0</u>	 <u>31,456</u>	 <u>0</u>	 <u>31,456</u>
 Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	 <u>(22,020)</u>	 <u>2,410</u>	 <u>0</u>	 <u>(19,610)</u>
 Fund Cash Balances, January 1	 <u>42,568</u>	 <u>90,900</u>	 <u>0</u>	 <u>133,468</u>
 Fund Cash Balances, December 31	 <u>\$20,548</u>	 <u>\$93,310</u>	 <u>\$0</u>	 <u>\$113,858</u>

**ORANGE TOWNSHIP
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004**

Note 1 – Reporting Entity

Orange Township, Meigs County, Ohio is a body politic and corporate 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 also has an elected Township Fiscal Officer.

The reporting entity is comprised of the primary government to ensure that the financial statements are not misleading.

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 Barlow and Wesley Volunteer Fire Departments for fire protection. Police protection is provided by Meigs County Sheriff's Department.

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2C, 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

For 2005, 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.

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. The statements show governmental activities of the Township. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions.

**ORANGE TOWNSHIP
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

Note 2 – Summary of Significant Accounting Policies (continued)

A. Basis of Presentation (continued)

Government-Wide Financial Statements (continued)

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 each of 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 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 fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

For 2004, the Township's basic financial statement consists of a Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances for all Governmental Fund Types.

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. All funds of the Township are categorized as governmental.

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other non-exchange transactions as governmental funds. The Township's 2005 major governmental funds were the General, motor vehicle license, gasoline and Fema funds. The General Fund is 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. The motor vehicle and gasoline funds are used, to a great extent, for road maintenance/repair, expenditures to keep Township equipment in working order and purchase new capital assets. State law passed within the last few years has greatly enhanced receipts to the gasoline fund. Receipts to the gasoline fund are in excess of the General Fund. These receipts have given Orange Township much-needed funds to operate the Township.

**ORANGE TOWNSHIP
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

Note 2 – Summary of Significant Accounting Policies (continued)

Fiduciary Funds (Trust Funds)

The Township had no funds classified as Permanent Non-expendable Trust funds.

During 2004, the township classified its funds into the following categories:

General Fund

The Township classified funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other non-exchange transactions as governmental funds. The Township's General Fund is the general operating fund and is a major governmental fund and it is used to account for all financial resources except those required to be accounted for in another funds. The General fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds

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

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

Federal Emergency Management Agency – (FEMA) Fund – The Township received money from the Federal and State Emergency Management Agencies to provide flood damage relief.

Capital Projects Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Township had the following significant Capital Projects Fund:

Issue II Fund – The Township received proceeds of an Ohio Public Works Commission Grant which was used for a road project.

**ORANGE TOWNSHIP
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

Note 2 – Summary of Significant Accounting Policies (continued)

C. Basis of Accounting

The Township's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, 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.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

For 2004, the 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.

D. Budgetary Process

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. 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 is established and approved for the funds by the Board of Trustees. These appropriations are submitted to the Meigs County Auditor's office.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the 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 at the beginning of the year. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate 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.

A summary of 2004 budgetary activity appears in Note 3.

**ORANGE TOWNSHIP
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(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”.

In compliance with the GASB guidelines, the Township has no investments.

Interest earnings are allocated to Township funds according to State statutes. Interest receipts credited to the General Fund during 2005 was \$669 and during 2004 was \$331, respectively.

F. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted assets represent all funds with the exception of the General Fund. These funds represent the majority expenditures for supplies, repair and maintenance for the Township. FEMA monies are used for specified road projects.

G. 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.

H. Capital Assets

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

I. Interfund Receivables/Payables

The Township rarely (if ever) advances-in and advances-out for interfund loans. No fund covers expenditures without sufficient funding. This funding rarely would come from an interfund loan. These items are not reflected as assets and liabilities in the accompanying financial statements.

**ORANGE TOWNSHIP
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

Note 2 – Summary of Significant Accounting Policies (continued)

J. 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 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

K. 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 an other financing source nor capital outlay expenditure are reported at inception. Lease payments are reported when paid.

L. 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. The governmental funds are used for the following purposes: gasoline, motor vehicle license, road and bridge funds are used primarily for road maintenance/repair but also encompass many other purposes as salaries (and related expenses as OPERS, Social Security and Medicare), insurance, equipment purchases, etc.; FEMA are received for specific purposes and can be used only for those purposes.

The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available. The Township has no levies for outside millage.

M. Fund Balance Reserves

The Township has not reserved portions of fund balances for future use.

**ORANGE TOWNSHIP
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

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, motor vehicle license, gasoline, road and bridge and permissive sales tax are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are outstanding year-end encumbrances and are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). There were no outstanding encumbrances or advances at year-end for any funds.

Budgetary activity for the year ended December 31, 2004 follows:

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$26,739	\$29,462	\$2,723
Special Revenue	136,892	156,200	19,308
Capital Projects	67,125	67,125	0
Total	\$230,756	\$252,787	\$22,031

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$69,307	\$51,482	\$17,825
Special Revenue	227,237	153,790	73,447
Capital Projects	67,125	67,125	0
Total	\$363,669	\$272,397	\$91,272

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.

With Local Government Services information and GASB classifications, it is determined that Orange Township has no investments. All active monies are a checking account, which encompass all funds. Protection of the Township's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by collateral pledged to the Township by the financial institution, or by a collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

**ORANGE TOWNSHIP
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

Note 4 – Deposits and Investments (continued)

At year-end, the Township had no undeposited cash on hand which is included as part of “Equity in Pooled Cash and Cash Equivalents”. The total amount of Township’s deposits at 2005-year end was \$124,192 and 2004 was \$113,858.

Deposits: The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Township or a qualified trustee by the financial institution as security for repayment, 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 5 – 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, was 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.

**ORANGE TOWNSHIP
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

Note 5– Property Taxes (continued)

The full tax rate for all Township operations for the year ended December 31, 2005, was \$3.70 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:

	<u>2005</u>	<u>2004</u>
Real Property		
Residential	\$ 5,776,090	\$ 5,429,230
Agriculture	\$ 4,075,570	\$ 3,799,280
Commercial/Industrial/Mineral	\$ 773,300	\$ 77,020
Public Utility Property		
Real	\$ 0	\$ 0
Personal	\$ 1,273,770	\$ 870,450
Tangible Personal Property	316,180	\$ 331,180
Total Assessed Value	\$12,214,910	\$10,507,160

Note 6. RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2005 the Township contracted with the Ohio Township Association Risk Management Authority (OTARMA), a risk sharing pool available to Ohio Townships. OTAMRA provides property and casualty coverage for its members. OTAMRA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTAMRA. OTAMRA pays judgments, settlements, and other expenses resulting from covered claims that exceed the members' deductibles. Coverage provided by OTAMRA is as follows:

Legal Liability	\$2,000,000	Per Occurrence
Automobile Liability	\$2,000,000	Per Occurrence
Law Enforcement Operations	N/A	Per Occurrence
Wrongful Acts	\$2,000,000	Per Occurrence
Property		Total Coverage
Boiler and Machinery	N/A	Limit

There were no significant reductions in coverage from prior years and claims have not exceeded insurance coverage in any of the past three years.

Casualty Coverage

OTARMA retains casualty risks up to \$250,000 per claim, including loss adjustment expenses. Claims exceeding \$250,000 are reinsured with APEEP up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000 from the General Reinsurance Corporation.

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

**ORANGE TOWNSHIP
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

Note 6. RISK MANAGEMENT

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2004 and 2003 (the latest information available):

<u>Casualty Coverage</u>	<u>2004</u>	<u>2003</u>
Assets	\$30,687,203	\$27,792,223
Liabilities	(13,640,962)	(11,791,300)
Retained earnings	<u>\$17,046,241</u>	<u>\$16,000,923</u>

<u>Property Coverage</u>	<u>2004</u>	<u>2003</u>
Assets	\$7,799,073	\$6,791,060
Liabilities	(753,906)	(750,956)
Retained earnings	<u>\$7,045,167</u>	<u>\$6,040,104</u>

Note 7 – Defined Benefit Pension Plan

A. Ohio Public Employees Retirement System

The Township participates in the Ohio Public Employees Retirement System (OPERS). OPER 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) 222-6705 or (800) 222-7377.

**ORANGE TOWNSHIP
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

Note 7 – Defined Benefit Pension Plan (continued)

A. Ohio Public Employees Retirement System (continued)

For the year ended December 31, 2005, the members participating in the traditional plan were required to contribute 8.5 percent of their annual covered salaries. The Township's contribution rate for pension benefits for 2005 was 9.55 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2005, 2004, and 2003 were \$3877.70, \$4,589.13, and \$2,831.09 respectively. The full amount has been contributed for 2005, 2004 and 2003. Contributions to the member-directed plan for 2005 were \$3877.70 made by the Township and \$2,432.55 made by the plan members.

Note 8 - Post employment 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 Post Employment 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 (16.7 percent for public safety and law enforcement); 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, 2003, 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.

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.

**ORANGE TOWNSHIP
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

Note 8 - Post employment Benefits (continued)

A. Ohio Public Employees Retirement System (continued)

The number of active contributing participants in the traditional and combined plans was 369,885. Actual employer contributions for 2004, which were used to fund postemployment benefits, were \$210,421. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2003, (the latest information available) were \$10.5 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$26.9 billion and \$16.4 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. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

Note 9 - Debt

Debt outstanding at December 31, 2005 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Promissory Note	\$ 25,026.79	5.25 %

The promissory note was issued in 2004 for \$30,012 to finance the purchase of a new backhoe. The note is collateralized solely by the backhoe. The Township makes payments on an annual basis.

Amortization of the above debt, including interest, is scheduled as follows:

	Promissory Note
Year ending December 31:	-----
2006	\$ 7,111.33
2007	7,111.33
2008	7,111.33
2009	<u>7,111.35</u>
Total	<u>\$28,445.34</u>

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

June 23, 2006

Orange Township
Meigs County
41520 Keebaugh-Follrod Road
Pomeroy, Ohio 43946

To the Board of Trustees:

We have audited the financial statements of Orange Township, Meigs County, (the Township) as of and for the year ended December 31, 2004, and have issued our report thereon dated June 23, 2006, wherein we noted the financial statements for the period ended December 31, 2004 the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. Also, we have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Orange Township, Meigs 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 June 23, 2006. 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 in order to express our opinions 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 reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to 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. In a separate letter to the Township's management dated June 23, 2006, we reported one matter involving internal control over financial reporting we did not deem a reportable condition.

Orange Township
Meigs County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

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 that are required to be reported under *Government Auditing Standards*.

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

Perry and Associates
Certified Public Accountants, A.C.



**Auditor of State
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ORANGE TOWNSHIP

MEIGS 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 18, 2006**