

***ORANGE TOWNSHIP
DELAWARE COUNTY, OHIO***

AUDIT REPORT

FOR THE YEARS ENDED DECEMBER 31, 2007 & 2006

Charles E. Harris and Associates, Inc.
Certified Public Accountants and Government Consultants



Mary Taylor, CPA

Auditor of State

Board of Trustees
Orange Township
1680 E. Orange Road
Lewis Center, Ohio 43035

We have reviewed the *Report of Independent Accountants* of Orange Township, Delaware County, prepared by Charles E. Harris & Associates, Inc. for the audit period January 1, 2006 through December 31, 2007. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State's Office (AOS). Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Report of Independent Accountants* on your financial statements. While the AOS 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 *Report of Independent Accountants* also includes an opinion on the financial statements using the regulatory format the AOS 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 is responsible for compliance with these laws and regulations.

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

Mary Taylor, CPA
Auditor of State

October 9, 2008

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**ORANGE TOWNSHIP
DELAWARE COUNTY
For the Years Ending December 31, 2007 and 2006**

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

REPORT OF INDEPENDENT ACCOUNTANTS

Orange Township
Delaware County
1680 East Orange Road
Lewis Center, OH 43035-9502

To the Board of Trustees:

We have audited the accompanying financial statements of Orange Township, Delaware County (the Township), as of and for the years ended December 31, 2007 and 2006. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As described more fully in Note 1, the Township has prepared these 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.

Revisions to GAAP would require the Township to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2007 and 2006. Instead of the combined funds the accompanying financial statements present for 2007 and 2006, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2007 and 2006. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Township has elected not to reformat its statements. Since the Township does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2007 and 2006, 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, 2007 and 2006, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Township, as of December 31, 2007 and 2006, and its cash receipts and disbursements and changes in fund cash balances 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 years ended December 31, 2007 and 2006. The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 21, 2008, 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 do not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal controls 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.

Charles E. Harris & Associates, Inc.

August 21, 2008

**ORANGE TOWNSHIP
DELAWARE COUNTY, OHIO
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
All Governmental Fund Types
For the Year Ended December 31, 2007**

	<u>Governmental Fund Types</u>				<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Permanent</u>	
Receipts:					
Property and Other Local Taxes	\$ 2,149,338	\$ 7,072,834	\$ -	\$ -	\$ 9,222,172
Intergovernmental	6,462,692	307,314	-	-	6,770,006
Charges for Services	-	331,004	-	-	331,004
Fines, Licenses and Permits	193,727	10,225	-	-	203,952
Earning on Investments	1,026,810	3,325	-	32	1,030,167
Miscellaneous	134,335	101,176	-	-	235,511
Total Receipts	9,966,902	7,825,878	-	32	17,792,812
Disbursements:					
General Government	1,158,230	-	-	-	1,158,230
Public Safety	-	5,399,208	-	-	5,399,208
Public Works	95,589	325,093	-	-	420,682
Health	-	8,281	-	-	8,281
Conservation-Recreation	-	570,149	-	-	570,149
Capital Outlay	1,078,420	1,904,279	-	-	2,982,699
Total Disbursements	2,332,239	8,207,010	-	-	10,539,249
Total Receipts Over/(Under) Disbursements	7,634,663	(381,132)	-	32	7,253,563
Fund Cash Balance, January 1, 2007	7,548,686	9,768,813	107,643	3,722	17,428,864
Fund Cash Balance, December 31, 2007	\$ 15,183,349	\$ 9,387,681	\$ 107,643	\$ 3,754	\$ 24,682,427
Reserve for Encumbrances	\$ 414,094	\$ 824,370	\$ -	\$ -	\$ 1,238,464

See Accompanying Notes to the Financial Statements.

**ORANGE TOWNSHIP
DELAWARE COUNTY, OHIO
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
All Governmental Fund Types
For the Year Ended December 31, 2006**

	<u>Governmental Fund Types</u>				<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Permanent</u>	
Receipts:					
Property and Other Local Taxes	\$ 1,842,332	\$ 8,915,381	\$ -	\$ -	\$ 10,757,713
Intergovernmental	423,912	1,095,289	-	-	1,519,201
Charges for Services	-	315,720	-	-	315,720
Fines, Licenses and Permits	199,785	8,766	-	-	208,551
Earnings on Investments	720,161	2,099	-	38	722,298
Miscellaneous	14,329	53,517	-	-	67,846
Total Receipts	3,200,519	10,390,772	-	38	13,591,329
Disbursements:					
General Government	1,131,625	-	-	-	1,131,625
Public Safety	-	4,796,114	-	-	4,796,114
Public Works	76,924	242,334	-	-	319,258
Health	-	8,604	-	-	8,604
Conservation-Recreation	-	477,840	-	-	477,840
Capital Outlay	829,740	3,326,396	3,000	-	4,159,136
Debt Service:					
Principal Retirement	-	566,667	-	-	566,667
Interest	-	19,547	-	-	19,547
Total Disbursements	2,038,289	9,437,502	3,000	-	11,478,791
Total Receipts Over/(Under) Disbursements	1,162,230	953,270	(3,000)	38	2,112,538
Fund Cash Balance, January 1, 2006	6,386,456	8,815,543	110,643	3,684	15,316,326
Fund Cash Balance, December 31, 2006	\$ 7,548,686	\$ 9,768,813	\$ 107,643	\$ 3,722	\$ 17,428,864
Reserve for Encumbrances	\$ 842,479	\$ 1,359,433	\$ -	\$ -	\$ 2,201,912

See Accompanying Notes to the Financial Statements.

**ORANGE TOWNSHIP
DELAWARE COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

The Orange Township, Delaware County, (the Township) is a body corporate and politic established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides road and bridge maintenance, conservation and recreation services, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Delaware County Sheriff's department to provide security of persons and property.

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

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.)

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

C. CASH AND INVESTMENTS

Investments are included in the fund cash balances. 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.

Certificates of deposit are valued at cost. STAR Ohio is similar in concept to a money market fund and as such maintains a constant net asset value of one dollar per share.

D. FUND ACCOUNTING

The Township uses fund accounting to segregate cash and investments that are restricted to use. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity which stands separate from the activities reported in other funds. The Township classifies its funds into the following types:

**ORANGE TOWNSHIP
DELAWARE COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

D FUND ACCOUNTING – (Continued)

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

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

- **Special Fire Levy Fund** – This fund receives property taxes for providing fire and emergency medical services to the Township.
- **Parks & Recreation Fund** – This fund receives property taxes that are used for providing park and recreation services

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:

- **Permanent Improvement Fund (Parks and Recreation)** – This fund received general obligation note proceeds in a prior year to construct and improve a park site.

Permanent Fund: This fund is used to account for resources restricted by legally binding trust agreements which restrict the Township to use of only the interest earned:

- **Cemetery Bequest Fund** – Interest derived from the corpus of this fund is used for cemetery upkeep.

E. BUDGETARY PROCESS

The Ohio Revised Code requires that each fund (except agency funds) be budgeted annually.

- **Estimated Resources**

The county auditor calculates the estimated revenues available to the Township. He prepares a certificate of estimated resources based upon this calculation and upon the other financial information supplied in the budget sent by the Township. The certificate is approved by the county budget commission and sent to the Township Fiscal officer by September 1.

Prior to December 31, the Township must revise its budget so that the total budgeted expenditures for a fund will not exceed the amount of estimated resources stated in the certificate of estimated resources. The revised budget serves as the basis for the annual appropriation measure.

**ORANGE TOWNSHIP
DELAWARE COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

E. BUDGETARY PROCESS – (Continued)

• **Estimated Resources – (Continued)**

On or about January 1, the Fiscal Officer sends the county auditor a certificate which includes the actual unencumbered balances from the preceding year. The county auditor prepares an amended certificate, submits it to the county budget commission for approval. This amended certificate may be further amended during the year if projected revenue increases or the Fiscal Officer identifies decreases in revenue.

Budgeted receipts, as shown in Note 4, do not include the unencumbered fund balances as of January 1, 2006 and 2007. However, those fund balances are available for appropriation.

• **Appropriations**

A temporary appropriation measure to control cash expenditures may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation measure must be passed by March 31 of each year for the period January 1 to December 31. The appropriation measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources.

• **Encumbrances**

The Township is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The sum of expenditures and encumbrances may not exceed appropriated totals at any level of budgetary control. The legal level of control is at the object level. Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding year without being reappropriated.

F. PROPERTY, PLANT, AND EQUIPMENT

Acquisitions of property, plant and equipment are recorded as capital outlay 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.

**ORANGE TOWNSHIP
 DELAWARE COUNTY, OHIO
 Notes to the Financial Statements
 For the Years Ended December 31, 2007 and 2006**

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Township maintains a cash and investment 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:

	2007	2006
Demand Deposits	\$ 892,421	\$ 2,306,693
Certificates of Deposit	752,947	752,854
Total Deposits	1,645,368	3,059,547
STAR Ohio	23,037,059	14,369,317
Total Deposits and Investments	\$ 24,682,427	\$ 17,428,864

Deposits: Deposits are either (1) insured by the Federal Deposit Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the Township, or (3) 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.

3. PROPERTY TAXES

Real property taxes become a lien on all non-exempt real property located in the county on January 1. 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 of the following year. Under certain circumstances, state statute permits later payment dates to be established.

Real property owners' tax bills are further reduced by homestead and rollback deductions when applicable. The amount of these homestead and rollback reductions is reimbursed to the Township by the State of Ohio. The amounts reimbursed by the State of Ohio are reflected in the accompanying financial statements as intergovernmental receipts.

Public utilities are also taxed on personal and real property located within the Village.

Owners of tangible personal property are required to file a list of such property including costs, by April 30 of each year. The property is assessed for tax purposes at varying statutory percentages of cost.

The Delaware County Treasurer collects property tax on behalf of all taxing Townships within the county. The Delaware County Auditor periodically remits to the taxing Township their portions of the taxes collected.

**ORANGE TOWNSHIP
DELAWARE COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006**

4. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2007 and 2006 follows:

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 7,855,007	\$ 9,966,902	\$ 2,111,895
Special Revenue	7,419,342	7,825,878	406,536
Permanent	55	32	(23)
Total	\$ 15,274,404	\$ 17,792,812	\$ 2,518,408

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 5,331,062	\$ 2,746,333	\$ 2,584,729
Special Revenue	11,177,161	9,031,380	2,145,781
Permanent	-	-	-
Total	\$ 16,508,223	\$ 11,777,713	\$ 4,730,510

2006 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 2,995,256	\$ 3,200,519	\$ 205,263
Special Revenue	9,614,533	10,390,772	776,239
Capital Projects	-	-	-
Permanent	19	38	19
Total	\$ 12,609,808	\$ 13,591,329	\$ 981,521

2006 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 5,943,235	\$ 2,880,768	\$ 3,062,467
Special Revenue	14,196,420	10,796,935	3,399,485
Capital Projects	22,000	3,000	19,000
Permanent	-	-	-
Total	\$ 20,161,655	\$ 13,680,703	\$ 6,480,952

5. DEBT

The Township does not have any outstanding debt at December 31, 2007. The Township paid off beginning debt of \$566,667 during 2006.

**ORANGE TOWNSHIP
DELAWARE COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006**

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. Those who do not belong to OPERS elected to enroll in Social Security. The Township's liability is 6.2 percent of wages paid.

Contribution rates are also prescribed by the Ohio Revised Code. For 2007 and 2006, members of OPERS contributed 9.5 percent and 9.0 percent, respectively, of their wages. The Township contributes an amount equal to 13.85 percent and 13.70 percent, respectively, of participants' gross salaries. The Township has paid all contributions required through December 31, 2007.

7. RISK MANAGEMENT

The Township belongs to the Ohio Government Risk Management Plan (the "Plan"), an unincorporated non-profit association with over 600 governmental entity members providing a formalized, jointly administered self-insurance risk management program and other administrative services. Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed 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 uses conventional insurance coverages and reinsures these coverages 100%, rather than using a risk pool of member funds to pay individual and collective losses. Therefore, the individual members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

The Pool'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, 2006 and 2005 (the latest information available):

	2006	2005
Assets	\$9,620,148	\$8,219,430
Liabilities	<u>3,329,620</u>	<u>2,748,639</u>
Member's Equity	<u>\$6,290,528</u>	<u>\$5,470,791</u>

8. CONTINGENT LIABILITIES/SUBSEQUENT EVENTS

Management believes there are no pending claims or lawsuits.

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Orange Township
Delaware County
1680 East Orange Road
Lewis Center, OH 43035-9502

To the Board of Trustees:

We have audited the financial statements of Orange Township, Delaware County (the Township) as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated August 21, 2008, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Controls 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 auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned 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 a misstatement of the Township's financial statements that is more than inconsequential will not be prevented or detected by the Township's internal control. We consider the deficiency described in the accompanying Schedule of Findings, item 2007-OTDC-001 to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Township's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, we believe item 2007-OTDC-001 described above to be a material weakness.

Compliance and Other Matters

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, grants agreements and other matters, 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*.

The Township's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Township's response and, accordingly, we express no opinion on it.

We noted certain matters that we have reported to management of the Township in a separate letter dated August 21, 2008.

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

Charles E. Harris & Associates, Inc.
August 21, 2008

**ORANGE TOWNSHIP
DELAWARE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007 & 2006**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

**FINDING NUMBER 2007-OTDC-001
Material Weakness**

Incorrect Accounting Transactions

During the audit of the Township's financial records for the years ended December 31, 2007 and 2006 we noted a number of transactions incorrectly recorded. The financial statements have been adjusted to present the accounting information correctly and the Township has agreed with the required reclassifications. Below is a listing of the various erroneous accounting transactions:

- During 2007 and 2006, the Township reported the proceeds of the Hotel Tax as Miscellaneous Receipts, but should have been reported as Property and Other Local Taxes;
- During 2007 and 2006, the Township reported several grants from State Agencies as Miscellaneous Receipts, but should have been reported as Intergovernmental Receipts;
- During 2007 and 2006, the Township reported the proceeds of the various Park and Recreation activities as Miscellaneous Receipts, but should have reported them as Charges for Services.

We recommend that the Township closely follow the Ohio Township Handbook and the Ohio Revised Code when recording transactions. We also recommend that the Township Financial Officer contact the Auditor of State for additional guidance as needed.

Township Response

The transactions recorded were done by the previous administration. The new administration will closely follow the Ohio Township Handbook and the Ohio Revised Code when recording transactions and will seek additional guidance as needed.

SCHEDULE OF PRIOR AUDIT FINDINGS

The prior audit, for the years ended December 31, 2005 and 2004, reported no material citations or recommendations.



Mary Taylor, CPA
Auditor of State

ORANGE TOWNSHIP

DELAWARE 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
NOVEMBER 6, 2008