



**ORANGE TOWNSHIP
MEIGS COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



**JIM PETRO
AUDITOR OF STATE**

STATE OF OHIO

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REPORT OF INDEPENDENT ACCOUNTANTS

Orange Township
Meigs County
41520 Keebaugh-Follrod Road
Pomeroy, Ohio 45769

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 years ended December 31, 1999 and 1998. 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 generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Orange Township, Meigs County, as of December 31, 1999 and 1998, and its combined cash receipts and cash disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 13, 2000, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

This report is intended solely for the information and use of management and Board of 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.

A handwritten signature in black ink, appearing to read "Jim Petro".

Jim Petro
Auditor of State

March 13, 2000

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES -
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>		Total (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$7,230	\$17,335	\$24,565
Intergovernmental	28,640	91,035	119,675
Interest	683	1,569	2,252
	<u>36,553</u>	<u>109,939</u>	<u>146,492</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
General Government	16,463	4,731	21,194
Public Safety	300	13,768	14,068
Public Works	8,108	128,825	136,933
Debt Service:			
Principal		10,361	10,361
Interest		413	413
	<u>24,871</u>	<u>158,098</u>	<u>182,969</u>
Total Cash Disbursements			
Total Receipts Over/(Under) Disbursements	<u>11,682</u>	<u>(48,159)</u>	<u>(36,477)</u>
Fund Cash Balances, January 1	<u>18,653</u>	<u>103,433</u>	<u>122,086</u>
Fund Cash Balances, December 31	<u>\$30,335</u>	<u>\$55,274</u>	<u>\$85,609</u>

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES -
FOR THE YEAR ENDED DECEMBER 31, 1998**

	Governmental Fund Types		Total (Memorandum Only)
	General	Special Revenue	
Cash Receipts:			
Local Taxes	\$6,129	\$16,216	\$22,345
Intergovernmental	24,927	152,838	177,765
Interest	490	1,279	1,769
Other Revenue	1,180		1,180
Total Cash Receipts	32,726	170,333	203,059
Cash Disbursements:			
Current:			
General Government	16,085	3,485	19,570
Public Safety		13,076	13,076
Public Works	7,620	89,361	96,981
Capital Outlay		10,800	10,800
Debt Service:			
Principal		3,096	3,096
Interest		752	752
Total Cash Disbursements	23,705	120,570	144,275
Total Receipts Over/(Under) Disbursements	9,021	49,763	58,784
Other Financing Receipts/(Disbursements):			
Sale of Fixed Assets	200		200
Total Other Financing Receipts/(Disbursements)	200	0	200
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	9,221	49,763	58,984
Fund Cash Balances, January 1	9,432	53,670	63,102
Fund Cash Balances, December 31	\$18,653	\$103,433	\$122,086

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

Orange Township, Meigs County, (the Township) 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 and a publicly-elected Clerk/Treasurer. The Township provides general governmental services, including maintenance of Township roads and cemeteries, and fire protection.

The Township's management believes these financial statements represent 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 a payment is made rather than when a liability is incurred.

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

C. CASH AND INVESTMENTS

The Township's cash amounts are valued at cost. The Township did not have any investments during the audit period.

D. FUND ACCOUNTING

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

1. General Fund

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

2. Special Revenue Funds

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

Motor Vehicle License Tax Fund - This fund received motor vehicle tax money for maintaining Township roads.

Gasoline Tax Fund - This fund received gasoline tax money for maintaining Township roads.

Fire District Fund - This fund received tax money for maintaining Township fire protection.

Federal Emergency Management Agency Fund - This fund received federal money for damages due to flooding.

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. BUDGETARY PROCESS

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

Appropriations

Budgetary expenditures (i.e., disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Township Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus beginning of the year fund cash balances. The County Budget Commission must also approve estimated resources.

Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 1999 and 1998 budgetary activity appears in Note 3.

F. PROPERTY, PLANT AND EQUIPMENT

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

2. EQUITY IN POOLED CASH

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

	<u>1999</u>	<u>1998</u>
Demand Deposits	<u>\$85,609</u>	<u>\$122,086</u>

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

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and December 31, 1998, was as follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$23,775	\$36,553	\$12,778
Special Revenue	<u>82,783</u>	<u>109,939</u>	<u>27,156</u>
Total	<u>\$106,558</u>	<u>\$146,492</u>	<u>\$39,934</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$42,428	\$24,871	\$17,557
Special Revenue	<u>186,214</u>	<u>158,098</u>	<u>28,116</u>
Total	<u>\$228,642</u>	<u>\$182,969</u>	<u>\$45,673</u>

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$22,477	\$32,926	\$10,449
Special Revenue	<u>153,199</u>	<u>170,333</u>	<u>17,134</u>
Total	<u>\$175,676</u>	<u>\$203,259</u>	<u>\$27,583</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$32,190	\$23,705	\$8,485
Special Revenue	<u>206,588</u>	<u>120,570</u>	<u>86,018</u>
Total	<u>\$238,778</u>	<u>\$144,275</u>	<u>\$94,503</u>

4. PROPERTY TAX

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

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

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

4. PROPERTY TAX (Continued)

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

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

5. RETIREMENT SYSTEMS

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

Contribution rates are also prescribed by the Ohio Revised Code. PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 1999.

6. RISK MANAGEMENT

The Township has obtained commercial insurance coverage for the following risks:

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



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

Orange Township
Meigs County
41520 Keebaugh-Follrod Road
Pomeroy, Ohio 45769

To the Board of Trustees:

We have audited the financial statements of Orange Township, Meigs County, Ohio, (the Township) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated March 13, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 1999-40753-001 through 1999-40753-003.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to the management of the Township in a separate letter dated March 13, 2000.

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

Jim Petro
Auditor of State

March 13, 2000

**SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 1999-40753-001

Finding Repaid Under Audit

Ohio Rev. Code Section 507.09 (A) (3) states that in townships having a budget of more than one hundred thousand dollars but not more than two hundred fifty thousand dollars, the compensation is to be seven thousand nine hundred thirty-one dollars for the Clerk, as amended, to become effective May 8, 1996. Osie Follrod, Township Clerk, is serving a term from April 1, 1998 to March 31, 2000. The statutory salary was \$7,931 for the Township Clerk for 1999 based on the estimated resources from the Tax Budget. Osie Follrod received compensation in the amount of \$8,168.93 during 1999 while she should have received \$7,931. This resulted in an overpayment for 1999 in the amount of \$237.93.

In accordance with the forgoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Osie Follrod, Orange Township Clerk, and Personal Service Insurance Company, jointly and severally, in the amount of two hundred thirty-seven dollars and ninety-three cents (\$237.93) and in favor of the General Fund of Orange Township.

This finding was repaid to the Township on February 29, 2000 by reducing the Clerk's wages.

FINDING NUMBER 1999-40753-002

Finding Repaid Under Audit

Ohio Rev. Code Section 505.24 (B) (3) states that in townships having a budget of more than one hundred thousand dollars but not more than two hundred fifty thousand dollars, the compensation is to be twenty-nine dollars and thirty-six cents per day for not more than 200 days for each of the Trustees, as amended, to become effective May 8, 1996. James Bernard, Township Trustee, is serving a term from January 1, 1998 to December 31, 2001. The Township's estimated resources for 1999 from the Tax Budget indicated that the appropriate rate of pay for the Trustees was \$29.36 per day for 1999. James Bernard received compensation in the amount of \$6,048.16 during 1999 while he should have received \$5,872.00. This resulted in an overpayment for 1999 in the amount of \$176.16.

In accordance with the forgoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against James Bernard, Trustee, and Personal Service Insurance Company, jointly and severally, in the amount of one hundred seventy-six dollars and sixteen cents (\$176.16) and in favor of the General Fund of Orange Township.

This finding was repaid to the Township on February 29, 2000 by reducing the Trustee's wages.

**SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 1999-40753-003

Finding Repaid Under Audit

Ohio Rev. Code Section 505.24 (B) (3) states that in townships having a budget of more than one hundred thousand dollars but not more than two hundred fifty thousand dollars, the compensation is to be twenty-nine dollars and thirty-six cents per day for not more than 200 days for each of the Trustees, as amended, to become effective May 8, 1996. Roger Ritchie, Township Trustee, is serving a term from January 1, 1998 to December 31, 2001. The Township's estimated resources for 1999 from the Tax Budget indicated that the appropriate rate of pay for the Trustees was \$29.36 per day for 1999. Roger Ritchie received compensation in the amount of \$6,048.16 during 1999 while he should have received \$5,872.00. This resulted in an overpayment for 1999 in the amount of \$176.16.

In accordance with the forgoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Roger Ritchie, Trustee, and Personal Service Insurance Company, jointly and severally, in the amount of one hundred seventy-six dollars and sixteen cents (\$176.16) and in favor of the General Fund of Orange Township.

This finding was repaid to the Township on February 29, 2000 by reducing the Trustee's wages.



STATE OF OHIO
OFFICE OF THE AUDITOR

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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
APRIL 20, 2000**