



**ORANGE TOWNSHIP  
CARROLL COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 1999 - 1998**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



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## REPORT OF INDEPENDENT ACCOUNTANTS

Orange Township  
Carroll County  
8132 Antiqua Rd. SW  
Sherrodsville, Ohio 44675

To the Board of Trustees:

We have audited the accompanying financial statements of Orange Township, Carroll County, Ohio (the Township) as of and for the years ended December 31, 1999 and December 31, 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 and reserves for encumbrances of Orange Township as of December 31, 1999 and December 31, 1998, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 10, 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 the audit committee, management and the Board of Trustees and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

March 10, 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>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Local Taxes	\$9,622	\$41,723	\$51,345
Intergovernmental	15,955	74,037	89,992
Earnings on Investments	544	311	855
Other Revenue	13	8,653	8,666
	<u>26,134</u>	<u>124,724</u>	<u>150,858</u>
<b>Total Cash Receipts</b>			
<b>Cash Disbursements:</b>			
Current:			
General Government	31,816	0	31,816
Public Safety	0	10,258	10,258
Public Works	0	96,809	96,809
Health	270	0	270
Debt Service:			
Redemption of Principal	0	20,000	20,000
Interest and Fiscal Charges	0	514	514
Capital Outlay	1,173	25,211	26,384
	<u>33,259</u>	<u>152,792</u>	<u>186,051</u>
<b>Total Cash Disbursements</b>			
Total Receipts Over/(Under) Disbursements	<u>(7,125)</u>	<u>(28,068)</u>	<u>(35,193)</u>
<b>Other Financing Receipts/(Disbursements):</b>			
Proceeds from Sale of Public Debt:			
Sale of Notes	0	20,000	20,000
Other Uses	(443)	(1,890)	(2,333)
	<u>(443)</u>	<u>18,110</u>	<u>17,667</u>
<b>Total Other Financing Receipts/(Disbursements)</b>			
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(7,568)	(9,958)	(17,526)
Fund Cash Balances, January 1	<u>19,506</u>	<u>43,607</u>	<u>63,113</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$11,938</b></u>	<u><b>\$33,649</b></u>	<u><b>\$45,587</b></u>
Reserve for Encumbrances, December 31	<u>\$40</u>	<u>\$3,085</u>	<u>\$3,125</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 FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<b>Fiduciary Fund Types</b>		<b>Totals (Memorandum) Only</b>
	<b>Non-Expendable Trust</b>	<b>Agency</b>	
<b>Operating Cash Receipts:</b>			
Interest	\$10	\$0	\$10
Miscellaneous	0	1,000	1,000
Total Operating Cash Receipts	10	1,000	1,010
Operating Income	10	1,000	1,010
<b>Non-Operating Cash Disbursements:</b>			
Other Non-Operating Cash Disbursements	0	(827)	(827)
Total Non-Operating Cash Disbursements	0	(827)	(827)
Excess of Receipts Over/(Under) Disbursements	10	173	183
Fund Cash Balances, January 1	255	500	755
<b>Fund Cash Balances, December 31</b>	<b>\$265</b>	<b>\$673</b>	<b>\$938</b>

*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**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Local Taxes	\$8,787	\$38,915	\$47,702
Intergovernmental	14,669	71,460	86,129
Special Assessments	434	0	434
Earnings on Investments	0	204	204
Other Revenue	458	2,353	2,811
	<u>24,348</u>	<u>112,932</u>	<u>137,280</u>
<b>Total Cash Receipts</b>			
	<u>24,348</u>	<u>112,932</u>	<u>137,280</u>
<b>Cash Disbursements:</b>			
Current:			
General Government	20,959	0	20,959
Public Safety	0	10,610	10,610
Public Works	0	87,510	87,510
Health	275	0	275
	<u>21,234</u>	<u>98,120</u>	<u>119,354</u>
<b>Total Cash Disbursements</b>			
	<u>21,234</u>	<u>98,120</u>	<u>119,354</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>3,114</u>	<u>14,812</u>	<u>17,926</u>
<b>Fund Cash Balances, January 1</b>	<u>16,392</u>	<u>28,795</u>	<u>45,187</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$19,506</u></u>	<u><u>\$43,607</u></u>	<u><u>\$63,113</u></u>
<b>Reserve for Encumbrances, December 31</b>	<u><u>\$0</u></u>	<u><u>\$1,273</u></u>	<u><u>\$1,273</u></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 FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 1998**

	Fiduciary Fund Types		Totals (Memorandum) Only
	Non-Expendable Trust	Agency	
<b>Operating Cash Receipts:</b>			
Interest	\$5	\$0	\$5
Miscellaneous	0	2,000	2,000
Total Operating Cash Receipts	5	2,000	2,005
Operating Income	5	2,000	2,005
<b>Non-Operating Cash Disbursements:</b>			
Other Non-Operating Cash Disbursements	0	(1,600)	(1,600)
Total Non-Operating Cash Disbursements	0	(1,600)	(1,600)
Excess of Receipts Over/(Under) Disbursements	5	400	405
Fund Cash Balances, January 1	250	100	350
<b>Fund Cash Balances, December 31</b>	<b>\$255</b>	<b>\$500</b>	<b>\$755</b>

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

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Orange Township, Carroll County, (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides general governmental services, including road and bridge maintenance, and cemetery maintenance. The Township contracts with a volunteer fire department to provide fire protection.

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

**B. Basis of Accounting**

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

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

**C. Cash and Investments**

The Township has an interest bearing checking account. Interest earned is recognized and recorded when received. Investment procedures are restricted by the provisions of the Ohio Revised Code. No investments were held by the Township.

**D. Fund Accounting**

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

**1. General Fund**

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

**2. Special Revenue Funds**

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

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

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

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

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

**3. Fiduciary Funds (Trust and Agency Funds)**

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Township to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Funds for which the Township is acting in an agency capacity are classified as agency funds. The Township had the following significant fiduciary funds:

*Trustees' Trust Fund* - This fund receives interest from a savings account; earnings can be used any general township need.

*Road Bond Fund* - This fund is used to account for bonds given by construction companies and held by the Township until the construction project is completed

**E. Budgetary Process**

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

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end. Expenditures exceeded estimated resources during 1998.

**2. Estimated Resources**

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

**3. Encumbrances**

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. The Township did not encumber all commitments as required by Ohio law during 1999.

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.

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

**2. EQUITY IN POOLED CASH**

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

	<u>1999</u>	<u>1998</u>
Demand deposits	<u>\$46,526</u>	<u>\$63,868</u>

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation.

**3. BUDGETARY ACTIVITY**

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

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$26,084	\$26,134	\$50
Special Revenue	144,661	144,724	63
Trust Fund	3	10	7
Total	<u>\$170,748</u>	<u>\$170,868</u>	<u>\$120</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$45,771	\$33,742	\$12,029
Special Revenue	179,815	157,767	22,048
Trust Fund	0	0	0
Total	<u>\$225,586</u>	<u>\$191,509</u>	<u>\$34,077</u>

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$24,306	\$24,348	\$42
Special Revenue	112,911	112,932	21
Trust Fund	0	5	5
Total	<u>\$137,217</u>	<u>\$137,285</u>	<u>\$68</u>

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

**3. BUDGETARY ACTIVITY (Continued)**

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$28,424	\$21,234	\$7,190
Special Revenue	166,634	99,393	67,241
Trust Fund	250	0	250
Total	\$195,308	\$120,627	\$74,681

**4. PROPERTY TAX**

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

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

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

**5. RETIREMENT SYSTEM**

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

Contribution rates are also prescribed by the Ohio Revised Code. For 1999 and 1998, members of PERS 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 is a member of the Ohio Township Association Risk Management Association (OTARMA) and has obtained insurance for the following risks:

- Comprehensive property and general liability
- Vehicle
- Errors and omissions
- Building and contents
- Public officials liability

The Township also provides health insurance to full-time employees through a private carrier.



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

Orange Township  
Carroll County  
8132 Antiqua Rd. SW  
Sherrodsville, Ohio 44675

To the Board of Trustees:

We have audited the accompanying financial statements of Orange Township, Carroll County (the Township), as of and for the years ended December 31, 1999 and December 31, 1998, and have issued our report thereon dated March 10, 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 finding as items 1999-41210-001 and 1999-41210-002. We also noted certain immaterial instances of noncompliance, which we have reported to management of the Township in a separate letter dated March 10, 2000.

### 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.

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

**Jim Petro**  
Auditor of State

March 10, 2000

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

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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<b>Finding Number</b>	<b>1999-41210-001</b>
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**Ohio Revised Code § 5705.41 (D)** states that no subdivision or taxing unit shall make any contract or order any expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the same has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such a certificate shall be null and void and no warrant shall be issued in payment of any amount due thereon.

This section also provides two "exceptions" to the above requirements:

- A. Then and Now Certificate - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was appropriated and free of any previous encumbrances, the Board of Trustees may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.
  
- B. If the amount involved is less than one thousand dollars, the fiscal officer may authorize it to be paid without the affirmation of the Board of Trustees.

Ohio Revised Code § 5705.413 also provides an exception to the aforementioned requirements:

- C. A township with total receipts for the prior fiscal year of three hundred fifty thousand dollars or less may make any purchase order or contract and give any order involving the expenditure of money without obtaining the certificate otherwise required under division (D) of Section 5705.41 of the Revised Code, provided that the total amount involved is not more than seven hundred and fifty dollars. The use of this exception must be formally adopted by a resolution of the Board of Trustees.

During 1999, 58% of liabilities, contracts, and open purchase commitments tested were not certified by the Clerk and were not encumbered until the time of payment. The Township did not use Then and Now certificates and these commitments were not subsequently approved by the Board of Trustees within the aforementioned 30 day time period, nor was a resolution passed designating an employee to purchase without the prior certification of the Clerk.

<b>Finding Number</b>	<b>1999-41210-02</b>
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**Ohio Revised Code § 5705.36 and 5705.39** provide that appropriations from each fund shall not exceed the estimated revenue available for expenditure therefrom, as certified by the county budget commission. In 1998, the Road and Bridge Fund appropriations exceeded the amount certified as available by the budget commission by 42%.

Ohio Revised Code § 5705.36 permits a subdivision to obtain an amended certificate from the budget commission for revenues received in excess of the prior estimate or from a new source. The township could have obtained an amended certificate in an amount greater than the total fund appropriations in the Road and Bridge Fund.





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**ORANGE TOWNSHIP**

**CARROLL 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 4, 2000**