



**ORANGE TOWNSHIP
DELAWARE COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999 - 1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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**STATE OF OHIO
OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

35 North Fourth Street
Columbus, Ohio 43215
Telephone 614-466-3402
800-443-9275
Facsimile 614-728-7199
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

Orange Township
Delaware County
7307 S. Old State Road
Lewis Center, Ohio 43035-9228

To the Board of Trustees:

We have audited the accompanying financial statements of Orange Township, Delaware 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 audits.

We conducted our audits 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 audits 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 audits provide 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 reserve for encumbrances of Orange Township, Delaware County, Ohio 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 April 3, 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, the Board and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

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

JIM PETRO
Auditor of State

April 3, 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>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$604,054	\$1,177,088	\$0	\$1,781,142
Intergovernmental	208,047	216,299	0	424,346
Licenses, Permits, and Fees	264,775	4,744	0	269,519
Earnings on Investments	159,795	4,032	0	163,827
Other Receipts	13,243	6,023	50,000	69,266
	<u>1,249,914</u>	<u>1,408,186</u>	<u>50,000</u>	<u>2,708,100</u>
Total Cash Receipts				
	<u>1,249,914</u>	<u>1,408,186</u>	<u>50,000</u>	<u>2,708,100</u>
Cash Disbursements:				
Current:				
General Government	395,990	0	0	395,990
Public Safety	0	879,489	0	879,489
Public Works	37,190	126,636	0	163,826
Health	6,421	10,002	0	16,423
Capital Outlay	4,842	20,475	321,368	346,685
	<u>444,443</u>	<u>1,036,602</u>	<u>321,368</u>	<u>1,802,413</u>
Total Cash Disbursements				
	<u>444,443</u>	<u>1,036,602</u>	<u>321,368</u>	<u>1,802,413</u>
Total Receipts Over/(Under) Disbursements	<u>805,471</u>	<u>371,584</u>	<u>(271,368)</u>	<u>905,687</u>
Other Financing Receipts/(Disbursements):				
Transfers-In	0	0	391,745	391,745
Transfers-Out	(371,270)	(20,475)	0	(391,745)
	<u>(371,270)</u>	<u>(20,475)</u>	<u>391,745</u>	<u>0</u>
Total Other Financing Receipts/(Disbursements)				
	<u>(371,270)</u>	<u>(20,475)</u>	<u>391,745</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>434,201</u>	<u>351,109</u>	<u>120,377</u>	<u>905,687</u>
Fund Cash Balances, January 1	<u>1,096,119</u>	<u>1,657,875</u>	<u>3,018</u>	<u>2,757,012</u>
Fund Cash Balances, December 31	<u>\$1,530,320</u>	<u>\$2,008,984</u>	<u>\$123,395</u>	<u>\$3,662,699</u>
Reserve for Encumbrances, December 31	<u>\$196,898</u>	<u>\$19,238</u>	<u>\$13,485</u>	<u>\$229,621</u>

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

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE
NON-EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 1999**

	Non-Expendable Trust
Operating cash receipts:	
Interest	\$144
Total operating receipts	144
Operating cash disbursements:	
Total operating cash disbursements	0
Operating receipts over (under) operating disbursements	144
Fund cash balances, January 1, 1999	2,901
Fund cash balances, December 31, 1999	\$3,045

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>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$528,165	\$928,183	\$0	\$1,456,348
Intergovernmental	156,272	179,652	0	335,924
Licenses, Permits, and Fees	241,790	2,600	0	244,390
Earnings on Investments	143,853	2,698	0	146,551
Other Receipts	80,633	21,011	0	101,644
	<u>1,150,713</u>	<u>1,134,144</u>	<u>0</u>	<u>2,284,857</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	359,375	0	0	359,375
Public Safety	0	797,374	0	797,374
Public Works	155,428	99,118	0	254,546
Health	0	6,316	0	6,316
Capital Outlay	7,000	34,046	782,482	823,528
	<u>521,803</u>	<u>936,854</u>	<u>782,482</u>	<u>2,241,139</u>
Total Cash Disbursements				
	<u>521,803</u>	<u>936,854</u>	<u>782,482</u>	<u>2,241,139</u>
Total Receipts Over/(Under) Disbursements	<u>628,910</u>	<u>197,290</u>	<u>(782,482)</u>	<u>43,718</u>
Other Financing Receipts/(Disbursements):				
Transfers-In	0	2,000	785,500	787,500
Transfers-Out	(787,500)	0	0	(787,500)
	<u>(787,500)</u>	<u>2,000</u>	<u>785,500</u>	<u>0</u>
Total Other Financing Receipts/(Disbursements)				
	<u>(787,500)</u>	<u>2,000</u>	<u>785,500</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(158,590)</u>	<u>199,290</u>	<u>3,018</u>	<u>43,718</u>
Fund Cash Balances, January 1	<u>1,254,709</u>	<u>1,458,585</u>	<u>0</u>	<u>2,713,294</u>
Fund Cash Balances, December 31	<u>\$1,096,119</u>	<u>\$1,657,875</u>	<u>\$3,018</u>	<u>\$2,757,012</u>
Reserve for Encumbrances, December 31	<u>\$14,690</u>	<u>\$4,614</u>	<u>\$0</u>	<u>\$19,304</u>

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

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE
NON-EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 1998**

	Non-Expendable Trust
Operating cash receipts:	
Interest	\$147
Total operating receipts	147
Operating cash disbursements:	
Health	150
Operating receipts over (under) operating disbursements	(3)
Fund cash balances, January 1, 1998	2,904
Fund cash balances, December 31, 1998	\$2,901

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, Delaware County, Ohio, (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 maintenance, cemetery maintenance, and fire and emergency medical services.

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

B. Basis of Accounting

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

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

C. Cash and Investments

The Township maintains its cash in a depository account. Certificates of deposit are valued at cost. The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

Investments are reported as assets. 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.

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:

Permissive Motor Vehicle License Fund - This fund receives tax money from the County and is used for township road maintenance and repairs.

Gasoline Tax Fund - This fund receives tax money from the County and is used to pay a portion of the Trustees' salaries and miscellaneous road repairs.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (continued)

2. Special Revenue Funds (Continued)

Fire Fund - This fund receives proceeds from a 4-mill property tax assessed for the provision of fire and emergency medical services.

3. Capital Project 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 project funds:

Permanent Improvement Fund - This fund is used to account for receipts that are restricted for the renovation of the Fire Station and Administrative building.

4. Fiduciary Fund (Non-Expendable Trust)

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

Tipp Clark Trust Fund - This is a non-expendable trust fund whereby the Township is required to use the proceeds (interest) from the principal of the trust for the maintenance and upkeep of the Township cemetery.

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund 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.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) as of January 1. 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.

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Property, Plant and Equipment

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

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Township.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>1999</u>	<u>1998</u>
Demand deposits	\$91,013	\$35,856
Certificate of deposit	1,254,882	752,757
Total deposits	1,345,895	788,613
STAR Ohio	2,319,849	1,971,300
Total investments	2,319,849	1,971,300
Total deposits and investments	\$3,665,744	\$2,759,91

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

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

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	\$1,139,426	\$1,249,914	\$110,488
Special Revenue	1,355,507	1,408,186	52,679
Capital Projects	100,000	441,745	341,745
Non-Expendable Trust	150	144	(6)
Total	\$2,595,083	\$3,099,989	\$504,906

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

3. BUDGETARY ACTIVITY (Continued)

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,235,545	\$1,012,611	\$1,222,934
Special Revenue	3,013,382	1,076,315	1,937,067
Capital Projects	753,018	334,853	418,165
Non-Expendable Trust	150	0	150
Total	<u>\$6,002,095</u>	<u>\$2,423,779</u>	<u>\$3,578,316</u>

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$962,582	\$1,150,713	\$188,131
Special Revenue	1,082,303	1,136,144	53,841
Capital Projects	1,500,000	785,500	(714,500)
Non-Expendable Trust	150	147	(3)
Total	<u>\$3,545,035</u>	<u>\$3,072,504</u>	<u>(\$472,531)</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,202,244	\$1,323,993	\$878,251
Special Revenue	2,515,338	941,468	1,573,870
Capital Projects	1,500,000	782,482	717,518
Non-Expendable Trust	150	150	0
Total	<u>\$6,217,732</u>	<u>\$3,048,093</u>	<u>\$3,169,639</u>

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.

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

5. RETIREMENT SYSTEMS

The Township's fireman belong to the Police & Firemen's Disability & Pension Funds (PFDPF). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PFDPF and PERS are cons-sharing, multiple-employer plans. These plans provide retirement benefits, including post retirement 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 PFDPF contributed 10% of their wages to the PFDPF. The Township contributed an amount equal to 24% of their wages. 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 through the Ohio Government Risk Management Plan for the following risks:

- S Comprehensive property and liability
- S Fleet liability
- S Public Officials Errors and omissions
- S Valuable papers and records
- S Business Electronic Equipment
- S Blanket Bonds (\$10,000 Blanket Bond covering all employees other than elected officials who are required to be bonded individually).

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

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**STATE OF OHIO
OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

35 North Fourth Street
Columbus, Ohio 43215
Telephone 614-466-3402
800-443-9275
Facsimile 614-728-7199
www.auditor.state.oh.us

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

Orange Township
Delaware County
7307 S. Old State Road
Lewis Center, Ohio 43035-9228

To the Board of Trustees:

We have audited the accompanying financial statements of Orange Township, Delaware County, Ohio (the Township), as of and for the years ended December 31, 1999, and December 31, 1998, and have issued our report thereon dated April 3, 2000. We conducted our audits 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits 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. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated April 3, 2000.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered 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 management of the Township in a separate letter dated April 3, 2000.

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

A handwritten signature in black ink, appearing to read "Jim Petro", with a stylized flourish at the end.

JIM PETRO
Auditor of State

April 3, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

ORANGE TOWNSHIP

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
MAY 16, 2000