

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

AUDIT REPORT

FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

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



Mary Taylor, CPA
Auditor of State

January 8, 2007

The attached audit report was completed and prepared for release prior to the commencement of my term of office on January 8, 2007. Thus, I am certifying this audit report for release under the signature of my predecessor.

Mary Taylor

MARY TAYLOR, CPA
Auditor of State

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**Auditor of State
Betty Montgomery**

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, 2004 through December 31, 2005. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements 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 "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

December 22, 2006

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**ORANGE TOWNSHIP
DELAWARE COUNTY, OHIO
Audit Report
For the Years Ended December 31, 2005 and 2004**

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

REPORT OF INDEPENDENT ACCOUNTANTS

Orange Township
Delaware County
1680 East Orange Rd.
Lewis Center, Ohio 43035-9502

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, 2005 and 2004. 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, 2005 and 2004. Instead of the combined funds the accompanying financial statements present for 2005 and 2004, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2005 and 2004. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Township has elected not to reformat its 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, 2005 and 2004, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2005 and 2004, 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, 2005 and 2004, 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, 2005 and 2004. 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 November 17, 2006, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we 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.

November 17, 2006

**ORANGE TOWNSHIP
DELAWARE COUNTY
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES AND FIDUCIARY FUNDS
For the Year Ended December 31, 2005**

	Governmental Fund Types			Fiduciary	(Memorandum Only) Total
	General	Special Revenue	Capital Projects	Non-Expendable Trust	
Receipts:					
Property and Other Local Taxes	\$ 1,468,096	\$ 7,903,189	\$ -	\$ -	\$ 9,371,285
Charges for Services	-	307,569	-	-	307,569
Licenses, permits and fees	330,029	12,661	-	-	342,690
Intergovernmental	693,905	1,164,745	50,000	-	1,908,650
Earnings on Investments	349,587	1,509	-	115	351,211
Miscellaneous	33,864	21,547	-	-	55,411
Total Receipts	2,875,481	9,411,220	50,000	115	12,336,816
Disbursements:					
Current:					
General Government	934,628	-	-	-	934,628
Public Safety	-	4,540,922	-	-	4,540,922
Public Works	93,544	292,951	-	-	386,495
Health	22,048	7,680	-	-	29,728
Conservation-Recreation	-	468,812	-	-	468,812
Capital Outlay	772,697	923,543	140,330	-	1,836,570
Debt Service:					
Principal Retirement	-	566,667	-	-	566,667
Interest & Fiscal Charges	-	33,953	-	-	33,953
Total Cash Disbursements	1,822,917	6,834,528	140,330	-	8,797,775
Excess of Cash Receipts Over/(Under) Cash Disbursements	1,052,564	2,576,692	(90,330)	115	3,539,041
Fund Balance January 1, 2005	5,333,892	6,238,851	200,973	3,569	11,777,285
Fund Balance December 31, 2005	\$ 6,386,456	\$ 8,815,543	\$ 110,643	\$ 3,684	\$ 15,316,326
Reserve for Encumbrances, 12/31/2005	\$ 359,358	\$ 2,010,789	\$ 22,000	\$ -	\$ 2,392,147

See accompanying Notes to the Financial Statements.

**ORANGE TOWNSHIP
DELAWARE COUNTY
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES AND FIDUCIARY FUNDS
For the Year Ended December 31, 2004**

	Governmental Fund Types			Fiduciary Fund Type	(Memorandum Only)
	General	Special Revenue	Capital Projects	Non-Expendable Trust	Total
Receipts:					
Property and Other Local Taxes	\$ 1,399,991	\$ 7,790,395	\$ -	\$ -	\$ 9,190,386
Charges for Services	-	252,871	-	-	252,871
Licenses, permits and fees	371,391	11,410	-	-	382,801
Fines and Forfeitures	-	605	-	-	605
Intergovernmental	707,985	664,355	90,493	-	1,462,833
Earnings on Investments	135,047	1,503	3,330	49	139,929
Miscellaneous	27,764	43,545	-	-	71,309
Total Receipts	2,642,178	8,764,684	93,823	49	11,500,734
Disbursements:					
Current:					
General Government	885,440	-	-	-	885,440
Public Safety	-	3,174,565	-	-	3,174,565
Public Works	118,967	204,286	-	-	323,253
Health	25,799	9,099	-	-	34,898
Conservation-Recreation	-	386,476	-	-	386,476
Capital Outlay	282,347	3,048,028	1,101,934	-	4,432,309
Debt Service:					
Principal Retirement	-	566,667	-	-	566,667
Interest & Fiscal Charges	-	51,000	-	-	51,000
Total Cash Disbursements	1,312,553	7,440,121	1,101,934	-	9,854,608
Excess of Receipts Over/(Under) Disbursements	1,329,625	1,324,563	(1,008,111)	49	1,646,126
Other Financing Sources/(Uses):					
Transfers-In	-	11,500	-	-	11,500
Transfers-Out	(11,500)	-	-	-	(11,500)
Advances-In	93,509	3,015	-	-	96,524
Advances-Out	(3,015)	(3,015)	(90,494)	-	(96,524)
Total Other Financing Sources/(Uses)	78,994	11,500	(90,494)	-	-
Excess of Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements and Other Financing Uses	1,408,619	1,336,063	(1,098,605)	49	1,646,126
Fund Balance January 1, 2004	3,925,273	4,902,788	1,299,578	3,520	10,131,159
Fund Balance December 31, 2004	\$ 5,333,892	\$ 6,238,851	\$ 200,973	\$ 3,569	\$ 11,777,285

See accompanying Notes to the Financial Statements.

ORANGE TOWNSHIP
DELAWARE COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2005 and 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

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's management believes these financial statements included in this report represent all of the funds of the Township over which the Township has the ability to exercise direct operating control.

B. BASIS OF ACCOUNTING

The Township prepares its financial statements following 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

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.

ORANGE TOWNSHIP
DELAWARE COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2005 and 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. FUND ACCOUNTING

The Township maintains its accounting records in accordance with the principles of “Fund” accounting. 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 restrictions associated with each class of funds are as follows:

Governmental Fund Types:

General Fund: The general operating fund of the Township. 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 has 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.

ORANGE TOWNSHIP
DELAWARE COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2005 and 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. FUND ACCOUNTING – (Continued)

Fiduciary Fund Types (Non – Expendable Trust Fund):

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 has the following fiduciary fund:

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

E. BUDGETARY PROCESS

A budget of estimated cash receipts and disbursements is prepared by the Clerk, approved by the Township Board of Trustees, and submitted to the county auditor, as secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

1. 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 Clerk 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.

On or about January 1, the Clerk 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 Clerk identifies decreases in revenue.

**ORANGE TOWNSHIP
DELAWARE COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2005 and 2004**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

E. BUDGETARY PROCESS - (Continued)

1. Estimated Resources – (Continued)

Budgeted receipts, as shown in Note 4, do not include the unencumbered fund balances as of January 1, 2004 and 2005. However, those fund balances are available for appropriation.

2. 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.

3. 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 re-appropriated.

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, 2005 and 2004**

2. EQUITY IN POOLED CASH AND CASH EQUIVALENTS

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 at December 31 was as follows:

	2005	2004
Demand deposit	\$ 2,373,963	\$ 2,131,886
Certificates of deposit	752,853	752,757
Total deposits	3,126,816	2,884,643
STAR Ohio	12,189,510	8,892,642
Total deposits and investments	\$ 15,316,326	\$ 11,777,285

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 are levied on assessed values, which equal 35% of appraised value. The county auditor reappraises all real property every six years with a triennial update. The last update was completed for tax year 2005.

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.

The State Board of Tax Equalization adjusts the tax rates for inflation. 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 Township.

The property owners, who must file a list of such property to the County by each April 30, assess tangible personal property tax.

**ORANGE TOWNSHIP
DELAWARE COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2005 and 2004**

3. PROPERTY TAXES – (Continued)

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

4. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2005 and 2004 follows:

2005 Budgeted vs Actual Budgetary Basis Expenditures			
Funds	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 6,429,322	\$ 2,182,275	\$ 4,247,047
Special Revenue	11,655,607	8,845,317	2,810,290
Capital Projects	201,073	162,330	38,743
Non-Expendable Trust	-	-	-
Total	\$ 18,286,002	\$ 11,189,922	\$ 7,096,080

2004 Budgeted vs Actual Budgetary Basis Expenditures			
Funds	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 2,341,534	\$ 1,327,068	\$ 1,014,466
Special Revenue	9,988,520	7,443,136	2,545,384
Capital Projects	1,299,578	1,192,428	107,150
Non-Expendable Trust	-	-	-
Total	\$ 13,629,632	\$ 9,962,632	\$ 3,667,000

2005 Budgeted vs Actual Receipts			
Funds	Budgeted Receipts	Actual Receipts	Variance
General	\$ 2,330,802	\$ 2,875,481	\$ 544,679
Special Revenue	8,756,527	9,411,220	654,693
Capital Projects	100	50,000	49,900
Non-Expendable Trust	59	115	56
Total	\$ 11,087,488	\$ 12,336,816	\$ 1,249,328

**ORANGE TOWNSHIP
 DELAWARE COUNTY, OHIO
 Notes to the Financial Statements
 For the Years Ended December 31, 2005 and 2004**

4. BUDGETARY ACTIVITY – (Continued)

2004 Budgeted vs Actual Receipts			
Funds	Budgeted Receipts	Actual Receipts	Variance
General	\$ 2,123,139	\$ 2,735,687	\$ 612,548
Special Revenue	8,415,187	8,779,199	364,012
Capital Projects	125,000	93,823	(31,177)
Non-Expendable Trust	128	49	(79)
Total	\$ 10,663,454	\$ 11,608,758	\$ 945,304

5. RETIREMENT SYSTEMS

The Township’s certified fire fighters belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Public Employees Retirement System (PERS) of Ohio. OP&F and PERS are cost sharing, multiple – employer plans. These plans provide 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 2005 and 2004, members of OP&F participants contributed 10% of their wages. The Township contributed an amount equal to 24% of their wages to OP&F. PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants’ gross salaries for 2005 and 2004. The Township has paid all contributions required through December 31, 2005

6. RISK MANAGEMENT

Commercial Insurance – The Township has obtained commercial insurance for the following risks:

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

Settled claims have not exceeded this commercial coverage in any of the last three years. There have been no significant reductions in insurance coverage from last year.

**ORANGE TOWNSHIP
 DELAWARE COUNTY, OHIO
 Notes to the Financial Statements
 For the Years Ended December 31, 2005 and 2004**

7. DEBT

Debt outstanding at December 31, 2005 was as follows:

	Principal	Interest Rate
General Obligation Note	\$ 566,666	3%

The general obligation note was issued on November 6, 2003 to finance construction and site improvements to the Township Park. The Township is to make semi-annual payments through November 6, 2006. The note is collateralized solely by the Township's taxing authority.

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

	Principal	Interest	Total
Year ending December 31: 2006	\$ 566,666	\$ 17,000	\$ 583,666

8. FUND TRANSFER AND ADVANCES

In 2004, the Township transferred \$11,500 from the General Fund to the Cemetery Fund for general operations.

In 2004, the Township repaid an advance of \$90,494 for a prior year Ohio Public Works Commission Project to the General Fund from the Capital Projects-Permanent Improvement Fund. Also during 2004, the Township advanced \$3,015 from the General Fund to the Permissive Motor Vehicle Tax fund. The advance was repaid in the same year.

All applicable Ohio Revised Code compliance requirements were met.

9. CONTINGENT LIABILITES/SUBSEQUENT EVENTS

Management believes there are no pending claims or lawsuits.

The Township entered into contract in the amount of \$623,000 for construction and land improvements at Ro Park. Expenditures from the contract will be recorded in the Parks and Recreation fund.

ORANGE TOWNSHIP
DELAWARE COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2005 and 2004

9. CONTINGENT LIABILITES/SUBSEQUENT EVENTS – (Continued)

The Township entered into contract in the amount of \$208,859 for the purchase playground equipment for Ro Park. Expenditures from the contract will be recorded in the Parks and Recreation fund.

The Township entered into contract in the amount of \$953,496 for the purchase of a new ladder fire truck. Expenditures from the contract will be recorded in the Special Fire Levy fund.

**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 Rd.
Lewis Center, Ohio 43035-9502

The Board of Trustees:

We have audited the financial statements of Orange Township, Delaware County, Ohio, (the Township) as and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated November 17, 2006, wherein we noted the Township follows 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Controls 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 an opinion 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 caused by error or fraud 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 other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated November 17, 2006.

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, grant 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 indicated no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

However, we noted immaterial instances of noncompliance that we have reported to management in a separate letter dated November 17, 2006.

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

Charles E. Harris & Associates, Inc.

November 17, 2006

STATUS OF PRIOR AUDIT'S CITATIONS AND RECOMMENDATIONS

The prior audit report, for the two years ending December 31, 2003, reported no material citations or recommendations.



**Auditor of State
Betty Montgomery**

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

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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
JANUARY 11, 2007**