

**ORANGE TOWNSHIP
MEIGS COUNTY
Regular Audit
December 31, 2007 and 2006**



Mary Taylor, CPA
Auditor of State

Board of Trustees
Orange Township
41520 Keebaugh/Follrod Road
Pomeroy, Ohio 45769

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

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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

March 28, 2008

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**ORANGE TOWNSHIP
MEIGS COUNTY**

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**ORANGE TOWNSHIP
MEIGS COUNTY**

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INDEPENDENT ACCOUNTANTS' REPORT

February 21, 2008

Orange Township
Meigs County
41520 Keebaugh-Follrod Road
Pomeroy, Ohio 43946

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of **Orange Township, Meigs County, Ohio**, (the Township) as of and for the years ended December 31, 2007 and 2006, which collectively comprise the Township's basic financial statements as listed in the table of contents. 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 our audit provides a reasonable basis for our opinion.

As described more fully in Note 2, 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).

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Orange Township, Meigs County, Ohio, as of December 31, 2007 and 2006, and the respective changes in cash financial position and the respective budgetary comparison for the General, Motor Vehicle License, Gasoline Tax, and Special Levy Funds thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

For the years ended December 31, 2007 and 2006, the Township revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 21, 2008, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control 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.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

Respectfully Submitted,

Perry and Associates
Certified Public Accountants, A.C.

Orange Township, Meigs County
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and December 31, 2006
Unaudited

This discussion and analysis of Orange Township's financial performance provides an overall review of the Township's financial activities for the years ended December 31, 2006 and 2007 within the limitations of the Township's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

Highlights

Key highlights for 2007 are as follows:

Net assets of governmental activities increased \$12,452 or 10 percent, which allowed us to stay the course. The fund most affected by the increase in cash and cash equivalents was the Gasoline fund, which realized the greatest burden of increased costs in 2007; however cost increases affected most funds.

The Township's largest general receipts are gasoline taxes. These receipts represent 56 percent of the total cash received for governmental activities during the year. Property tax receipts for 2007 changed very little compared to 2006 as development within the Township has slowed.

Key highlights for 2006 are as follows:

Net assets stayed approximately the same with only an increase of \$49 in 2006. This is due to the receipts and disbursements staying about the same.

The Township's largest receipts are from gasoline taxes. These receipts represent 51 percent of the total cash received for governmental activities during the year.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Township's cash basis of accounting.

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the Township as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Township as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Township has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Orange Township, Meigs County
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and December 31, 2006
Unaudited

Reporting the Township as a Whole

The statement of net assets and the statement of activities reflect how the Township did financially during 2006 and 2007, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental and business-type activities of the Township at year end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the Township's general receipts.

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Township's financial health. Over time, increases or decreases in the Township's cash position is one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other nonfinancial factors as well such as the Township's property tax base, the condition of the Township's capital assets and infrastructure, the extent of the Township's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property tax.

Activities of the Township are listed in the statement of net assets and statement of activities.

Governmental Activities - The Township's basic services are reported here. Gasoline tax, along with property tax and other tax, finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Reporting the Township's Most Significant Funds

Fund financial statements provide detailed information about the Township's major funds – not the Township as a whole. The Township establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose.

Governmental Funds - Most of the Township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Township's major governmental funds are the General Fund, Motor Vehicle Fund, Gasoline Fund and Special Levy Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity wide statements. We describe this relationship in reconciliations presented with the governmental fund financial statements.

Orange Township, Meigs County
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and December 31, 2006
Unaudited

The Township as a Whole

Table 1 provides a summary of the Township's net assets for 2007 compared to 2006 on a cash basis:

(Table 1)

Net Assets

	Governmental Activities	
	2007	2006
Assets		
Cash and Cash Equivalents	\$136,693	\$124,241
Total Assets	\$136,693	\$124,241
Net Assets		
Restricted for:		
Other Purposes	110,184	101,135
Unrestricted	26,509	23,106
Total Net Assets	\$136,693	\$124,241

As mentioned previously, net assets of governmental activities increased \$12,452 or 10 percent during 2007. The primary reasons contributing to the increases in cash balances is the gasoline fund.

Table 2 reflects the changes in net assets in 2007 and 2006 for governmental activities.

Orange Township, Meigs County
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and December 31, 2006
Unaudited

(Table 2)
Changes in Net Assets

	Governmental Activities	
	2007	2006
Receipts:		
Program Receipts:		
Operating Grants and Contributions	\$ 110,649	\$ 93,926
Total Program Receipts	110,649	93,926
General Receipts:		
Property and Other Local Taxes	41,372	39,569
Grants and Entitlements Not Restricted to Specific Programs	17,872	19,911
Interest	610	638
Miscellaneous	1,660	
Total General Receipts	61,514	60,118
Total Receipts	172,163	154,044
Disbursements:		
General Government	27,408	41,399
Public Safety	18,329	17,496
Public Works	106,862	87,989
Principal Retirement	6,087	5,779
Interest and Fiscal Charges	1,025	1,332
Total Disbursements	159,711	153,995
 Increase (Decrease) in Net Assets	 12,452	 49
 Net Assets, January 1	 124,241	 124,192
Net Assets, December 31	\$136,693	\$124,241

Program receipts represent only 64 percent in 2007 and 61 percent in 2006 of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money.

General receipts represent 36 percent in 2007 and 39 percent in 2006 of the Township's total receipts, and of this amount, over 67 percent in 2007 and 66 percent in 2006 are property and local taxes. State and federal grants and entitlements make up 29 percent in 2007 and 33 percent in 2006 of the balance of the Township's general receipts. Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Township activities. These include the payroll costs of the Trustees and Fiscal Officer. These costs do not represent direct services to residents.

Public Safety is the costs of emergency medical and fire protection; Public Works are the cost of repairing and maintaining Township roads.

Orange Township, Meigs County
 Management's Discussion and Analysis
 For the Years Ended December 31, 2007 and December 31, 2006
 Unaudited

Governmental Activities

If you look at the "Statement of Activities- Cash Basis" which is attached, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

Governmental Activities

	Total Cost of Services 2007	Net Cost of Services 2007	Total Cost of Services 2006	Net Cost of Services 2006
General Government	\$27,408	(\$27,244)	\$41,399	(\$41,313)
Public Safety	18,329	(18,329)	17,496	(17,496)
Public Works	106,862	3,623	87,989	5,851
Principal Retirement	6,087	(6,087)	5,779	(5,779)
Interest and Fiscal Charges	1,025	(1,025)	1,332	(1,332)
Total Expenses	\$159,711	(\$49,062)	\$153,995	(\$60,069)

The dependence upon intergovernmental receipts is apparent as over 70 percent of governmental activities are supported through these general receipts.

The Township's Funds

During 2007 total governmental funds had receipts of \$172,163 and disbursements of \$159,711. Funding increases remained minimal for General, MVL, Special Levy, and Other Governmental Funds. Gasoline Tax Fund shows a slight increase in funds of \$17,521.

General Fund receipts were \$3,402 over disbursements. Overall receipts were \$12,452 over disbursements during 2007 carried by the Gasoline Fund.

During 2006 total governmental funds had receipts of \$154,044 and disbursements of \$153,995. Receipts in the Gasoline Tax Fund were less and we spent more on road maintenance.

Management has to date preferred a reduction in disbursements to requesting additional funds from the taxpayers. The Township has not purchased much needed equipment in lieu of the primary responsibility of repairing and maintaining the Township roads.

Orange Township, Meigs County
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and December 31, 2006
Unaudited

General Fund Budgeting Highlights

The Township's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the Gasoline Fund.

During 2007 and 2006, the Township amended its budget to reflect changing circumstances. Several amended certificates were requested during the year to cover increases in budget amounts. The difference between final budgeted receipts and actual receipts was not significant.

Although receipts failed to live up to expectations, appropriations were reduced. The Township kept spending very close to budgeted amounts as demonstrated by the minor reported variances. The result is the increase in fund balance of \$12,452 for 2007 and \$49 in 2006.

Capital Assets and Debt Administration

Capital Assets

The Township does not currently keep track of its capital assets and infrastructure.

Debt

At December 31, 2007, the Township's outstanding debt included a promissory note for \$13,161 issued in 2004 for \$31,012 to finance the purchase of a new backhoe. The note is collateralized solely by the backhoe. The township makes payments on an annual basis.

Current Issues

The challenge for all Governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on gasoline taxes and have very little industry to support the tax base.

Contacting the Township's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Osie Follrod, Fiscal Officer, Orange Township, 41520 Keebaugh/Follrod Road, Pomeroy, Ohio 45769.

Orange Township, Meigs County
Statement of Net Assets - Cash Basis
For the Year Ended December 31, 2007

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 136,693</u>
<i>Total Assets</i>	<u><u>136,693</u></u>
Net Assets	
Restricted for:	
Other Purposes	110,184
Unrestricted	<u>26,509</u>
<i>Total Net Assets</i>	<u><u>\$ 136,693</u></u>

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

Orange Township, Meigs County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2007

	Cash Disbursements	Program Cash Receipts Operating Grants and Contributions	Net (Disbursements) Receipts and Changes in Net Assets Governmental Activities
Governmental Activities			
General Government	\$ 27,408	\$ 164	\$ (27,244)
Public Safety	18,329	-	(18,329)
Public Works	106,862	110,485	3,623
Debt Service:			
Principal	6,087	-	(6,087)
Interest	1,025	-	(1,025)
<i>Total Governmental Activities</i>	<u>\$ 159,711</u>	<u>\$ 110,649</u>	<u>\$ (49,062)</u>
General Receipts			
Property Taxes			39,800
Other Taxes			1,572
Grants and Entitlements not Restricted to Specific Programs			17,872
Interest			610
Miscellaneous			1,660
<i>Total General Receipts</i>			<u>61,514</u>
Change in Net Assets			<u>12,452</u>
<i>Net Assets Beginning of Year</i>			<u>124,241</u>
<i>Net Assets End of Year</i>			<u>\$ 136,693</u>

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

Orange Township, Meigs County
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
For the Year Ended December 31, 2007

	General	Motor Vehicle Lic. Tax	Gasoline Tax	Special Levy	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$ 26,509	\$ 20,130	\$ 84,880	\$ 700	\$ 4,474	\$ 136,693
<i>Total Assets</i>	<u>26,509</u>	<u>20,130</u>	<u>84,880</u>	<u>700</u>	<u>4,474</u>	<u>136,693</u>
Fund Balances						
Unreserved:						
General Fund	26,509	-	-	-	-	26,509
Special Revenue Funds	-	20,130	84,880	700	4,474	110,184
<i>Total Fund Balances</i>	<u>\$ 26,509</u>	<u>\$ 20,130</u>	<u>\$ 84,880</u>	<u>\$ 700</u>	<u>\$ 4,474</u>	<u>\$ 136,693</u>

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

Orange Township, Meigs County
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2007

	General	Motor Vehicle Lic. Tax	Gasoline Tax	Special Levy	Other Governmental Funds	Total Governmental Funds
Receipts						
Property and Other Local Taxes	\$ 12,209	\$ -	\$ -	\$ 16,646	\$ 8,498	\$ 37,353
Intergovernmental	19,200	14,151	96,334	1,865	990	132,540
Interest	141	120	349	-	-	610
Other	60	-	-	-	1,600	1,660
<i>Total Receipts</i>	<u>31,610</u>	<u>14,271</u>	<u>96,683</u>	<u>18,511</u>	<u>11,088</u>	<u>172,163</u>
Disbursements						
Current:						
General Government	23,054	1,263	2,390	701	-	27,408
Public Safety	300	-	-	18,029	-	18,329
Public Works	4,853	16,986	71,850	-	13,174	106,863
Debt Service:						
Principal Retirement	-	-	6,087	-	-	6,087
Interest and Fiscal Charges	-	-	1,024	-	-	1,024
<i>Total Disbursements</i>	<u>28,207</u>	<u>18,249</u>	<u>81,351</u>	<u>18,730</u>	<u>13,174</u>	<u>159,711</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	3,403	(3,978)	15,332	(219)	(2,086)	12,452
<i>Fund Balances Beginning of Year</i>	<u>23,106</u>	<u>24,108</u>	<u>69,548</u>	<u>919</u>	<u>6,560</u>	<u>124,241</u>
<i>Fund Balances End of Year</i>	<u>\$ 26,509</u>	<u>\$ 20,130</u>	<u>\$ 84,880</u>	<u>\$ 700</u>	<u>\$ 4,474</u>	<u>\$ 136,693</u>

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

Orange Township, Meigs County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
General Fund
For the Year Ended December 31, 2007

	<u>Budgeted Amounts</u>			(Optional)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$ 11,720	\$ 11,720	\$ 12,209	\$ 489
Intergovernmental	18,231	18,231	19,200	969
Interest	120	120	141	21
Other	-	-	60	60
<i>Total receipts</i>	<u>30,071</u>	<u>30,071</u>	<u>31,610</u>	<u>1,539</u>
Disbursements				
Current:				
General Government	43,012	43,012	23,054	19,958
Public Safety	2,000	2,000	300	1,700
Public Works	6,165	6,165	4,853	1,312
Capital Outlay	<u>2,000</u>	<u>2,000</u>	<u>-</u>	<u>2,000</u>
<i>Total Disbursements</i>	<u>53,177</u>	<u>53,177</u>	<u>28,207</u>	<u>24,970</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(23,106)</u>	<u>(23,106)</u>	<u>3,403</u>	<u>26,509</u>
<i>Fund Balance Beginning of Year</i>	<u>23,106</u>	<u>23,106</u>	<u>23,106</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,509</u>	<u>\$ 26,509</u>

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

Orange Township, Meigs County
*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
MVL Fund
For the Year Ended December 31, 2007*

	<u>Budgeted Amounts</u>			(Optional)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Receipts				
Intergovernmental	\$ 13,050	\$ 13,050	\$ 14,151	\$ 1,101
Interest	175	175	120	(55)
<i>Total receipts</i>	<u>13,225</u>	<u>13,225</u>	<u>14,271</u>	<u>1,046</u>
Disbursements				
Current:				
General Government	1,300	1,300	1,263	37
Public Works	36,133	36,133	16,986	19,147
<i>Total Disbursements</i>	<u>37,433</u>	<u>37,433</u>	<u>18,249</u>	<u>19,184</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(24,208)</u>	<u>(24,208)</u>	<u>(3,978)</u>	<u>20,230</u>
Other Financing Sources (Uses)				
Sale of Fixed Assets	100	100	-	(100)
<i>Total Other Financing Sources (Uses)</i>	<u>100</u>	<u>100</u>	<u>-</u>	<u>(100)</u>
<i>Net Change in Fund Balance</i>	(24,108)	(24,108)	(3,978)	20,130
<i>Fund Balance Beginning of Year</i>	24,108	24,108	24,108	-
<i>Fund Balance End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,130</u>	<u>\$ 20,130</u>

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

Orange Township, Meigs County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Gas Fund
For the Year Ended December 31, 2007

	<u>Budgeted Amounts</u>			(Optional)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Receipts				
Intergovernmental	\$ 83,369	\$ 83,369	\$ 96,334	\$ 12,965
Interest	200	200	349	149
Other	80	80	-	(80)
<i>Total receipts</i>	<u>83,649</u>	<u>83,649</u>	<u>96,683</u>	<u>13,034</u>
Disbursements				
Current:				
General Government	2,500	2,500	2,390	110
Public Works	141,686	141,686	71,850	69,836
Capital Outlay	2,000	2,000	-	2,000
Debt Service:				
Principal Retirement	6,087	6,087	6,087	-
Interest and Fiscal Charges	1,024	1,024	1,024	-
<i>Total Disbursements</i>	<u>153,297</u>	<u>153,297</u>	<u>81,351</u>	<u>71,946</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(69,648)</u>	<u>(69,648)</u>	<u>15,332</u>	<u>84,980</u>
Other Financing Sources (Uses)				
Notes Issued	100	100	-	(100)
<i>Total Other Financing Sources (Uses)</i>	<u>100</u>	<u>100</u>	<u>-</u>	<u>(100)</u>
<i>Net Change in Fund Balance</i>	(69,548)	(69,548)	15,332	84,880
<i>Fund Balance Beginning of Year</i>	<u>69,548</u>	<u>69,548</u>	<u>69,548</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 84,880</u>	<u>\$ 84,880</u>

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

Orange Township, Meigs County
*Statement of Receipts, Disbursements and Changes
 In Fund Balance - Budget and Actual -Budget Basis
 Special Levy Fund
 For the Year Ended December 31, 2007*

	<u>Budgeted Amounts</u>			(Optional) Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$ 13,510	\$ 16,096	\$ 16,646	\$ 550
Intergovernmental	1,950	1,950	1,865	(85)
<i>Total receipts</i>	<u>15,460</u>	<u>18,046</u>	<u>18,511</u>	<u>465</u>
Disbursements				
Current:				
General Government	700	701	701	-
Public Safety	15,679	18,264	18,029	235
<i>Total Disbursements</i>	<u>16,379</u>	<u>18,965</u>	<u>18,730</u>	<u>235</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(919)</u>	<u>(919)</u>	<u>(219)</u>	<u>700</u>
<i>Fund Balance Beginning of Year</i>	<u>919</u>	<u>919</u>	<u>919</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 700</u>	<u>\$ 700</u>

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

Orange Township, Meigs County
Statement of Net Assets - Cash Basis
For the Year Ended December 31, 2006

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 124,241</u>
<i>Total Assets</i>	<u><u>124,241</u></u>
Net Assets	
Restricted for:	
Other Purposes	101,135
Unrestricted	<u>23,106</u>
<i>Total Net Assets</i>	<u><u>\$ 124,241</u></u>

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

Orange Township, Meigs County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2006

		<u>Program Cash Receipts</u>	<u>Net (Disbursements) Receipts and Changes in Net Assets</u>
	Cash <u>Disbursements</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental Activities			
General Government	\$ 41,399	\$ 86	\$ (41,313)
Public Safety	17,496	-	(17,496)
Public Works	87,989	93,840	5,851
Debt Service:			
Principal	5,779	-	(5,779)
Interest	1,332	-	(1,332)
<i>Total Governmental Activities</i>	<u>\$ 153,995</u>	<u>\$ 93,926</u>	<u>\$ (60,069)</u>
General Receipts			
Property Taxes			37,893
Other Taxes			1,676
Grants and Entitlements not Restricted to Specific Programs			19,911
Interest			638
<i>Total General Receipts</i>			<u>60,118</u>
Change in Net Assets			<u>49</u>
<i>Net Assets Beginning of Year</i>			<u>124,192</u>
<i>Net Assets End of Year</i>			<u>\$ 124,241</u>

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

Orange Township, Meigs County
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
For the Year Ended December 31, 2006

	<u>General</u>	<u>Motor Vehicle Lic. Tax</u>	<u>Gasoline Tax</u>	<u>Special Levy</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets						
Equity in Pooled Cash and Cash Equivalents	\$ 23,106	\$ 24,108	\$ 69,548	\$ 919	\$ 6,560	\$ 124,241
<i>Total Assets</i>	<u>23,106</u>	<u>24,108</u>	<u>69,548</u>	<u>919</u>	<u>6,560</u>	<u>124,241</u>
Fund Balances						
Unreserved:						
General Fund	23,106	-	-	-	-	23,106
Special Revenue Funds	-	24,108	69,548	919	6,560	101,135
<i>Total Fund Balances</i>	<u>\$ 23,106</u>	<u>\$ 24,108</u>	<u>\$ 69,548</u>	<u>\$ 919</u>	<u>\$ 6,560</u>	<u>\$ 124,241</u>

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

Orange Township, Meigs County
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2006

	General	Motor Vehicle Lic. Tax	Gasoline Tax	Special Levy	Other Governmental Funds	Total Governmental Funds
Receipts						
Property and Other Local Taxes	\$ 11,616	\$ -	\$ -	\$ 15,941	\$ 8,131	\$ 35,688
Intergovernmental	21,066	14,993	78,847	1,841	971	117,718
Interest	157	166	315	-	-	638
<i>Total Receipts</i>	<u>32,839</u>	<u>15,159</u>	<u>79,162</u>	<u>17,782</u>	<u>9,102</u>	<u>154,044</u>
Disbursements						
Current:						
General Government	27,570	8,571	1,461	586	3,211	41,399
Public Safety	300	-	-	17,196	-	17,496
Public Works	4,573	14,144	57,780	-	11,492	87,989
Debt Service:						
Principal Retirement	-	-	5,779	-	-	5,779
Interest and Fiscal Charges	-	-	1,332	-	-	1,332
<i>Total Disbursements</i>	<u>32,443</u>	<u>22,715</u>	<u>66,352</u>	<u>17,782</u>	<u>14,703</u>	<u>153,995</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	396	(7,556)	12,810	-	(5,601)	49
Other Financing Sources (Uses)						
<i>Fund Balances Beginning of Year</i>	<u>22,710</u>	<u>31,664</u>	<u>56,738</u>	<u>919</u>	<u>12,161</u>	<u>124,192</u>
<i>Fund Balances End of Year</i>	<u>\$ 23,106</u>	<u>\$ 24,108</u>	<u>\$ 69,548</u>	<u>\$ 919</u>	<u>\$ 6,560</u>	<u>\$ 124,241</u>

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

Orange Township, Meigs County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
General Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>			(Optional)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$ 11,650	\$ 11,650	\$ 11,616	\$ (34)
Intergovernmental	18,180	18,180	21,066	2,886
Interest	120	120	157	37
<i>Total receipts</i>	<u>29,950</u>	<u>29,950</u>	<u>32,839</u>	<u>2,889</u>
Disbursements				
Current:				
General Government	44,129	44,129	27,570	16,559
Public Safety	300	300	300	-
Public Works	5,731	5,731	4,573	1,158
Capital Outlay	2,500	2,500	-	2,500
<i>Total Disbursements</i>	<u>52,660</u>	<u>52,660</u>	<u>32,443</u>	<u>20,217</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(22,710)</u>	<u>(22,710)</u>	<u>396</u>	<u>23,106</u>
Other Financing Sources (Uses)				
<i>Fund Balance Beginning of Year</i>	<u>22,710</u>	<u>22,710</u>	<u>22,710</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,106</u>	<u>\$ 23,106</u>

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

Orange Township, Meigs County
*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
MVL Fund
For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>			(Optional)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Receipts				
Intergovernmental	\$ 16,096	\$ 14,659	\$ 14,993	\$ 334
Interest	200	200	166	(34)
<i>Total receipts</i>	<u>16,296</u>	<u>14,859</u>	<u>15,159</u>	<u>300</u>
Disbursements				
Current:				
General Government	9,620	9,620	8,571	1,049
Public Works	<u>38,640</u>	<u>37,203</u>	<u>14,144</u>	<u>23,059</u>
<i>Total Disbursements</i>	<u>48,260</u>	<u>46,823</u>	<u>22,715</u>	<u>24,108</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(31,964)</u>	<u>(31,964)</u>	<u>(7,556)</u>	<u>24,408</u>
Other Financing Sources (Uses)				
Sale of Fixed Assets	<u>300</u>	<u>300</u>	<u>-</u>	<u>(300)</u>
<i>Total Other Financing Sources (Uses)</i>	<u>300</u>	<u>300</u>	<u>-</u>	<u>(300)</u>
<i>Net Change in Fund Balance</i>	(31,664)	(31,664)	(7,556)	24,108
<i>Fund Balance Beginning of Year</i>	<u>31,664</u>	<u>31,664</u>	<u>31,664</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,108</u>	<u>\$ 24,108</u>

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

Orange Township, Meigs County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Gas Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>			(Optional)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Receipts				
Intergovernmental	\$ 77,000	\$ 77,000	\$ 78,847	\$ 1,847
Interest	200	200	315	115
Other	88	88	-	(88)
<i>Total receipts</i>	<u>77,288</u>	<u>77,288</u>	<u>79,162</u>	<u>1,874</u>
Disbursements				
Current:				
General Government	3,800	3,800	1,461	2,339
Public Works	121,415	121,415	57,780	63,635
Capital Outlay	2,000	2,000	-	2,000
Debt Service:				
Principal Retirement	5,779	5,779	5,779	-
Interest and Fiscal Charges	1,332	1,332	1,332	-
<i>Total Disbursements</i>	<u>134,326</u>	<u>134,326</u>	<u>66,352</u>	<u>67,974</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(57,038)</u>	<u>(57,038)</u>	<u>12,810</u>	<u>69,848</u>
Other Financing Sources (Uses)				
Notes Issued	300	300	-	(300)
<i>Total Other Financing Sources (Uses)</i>	<u>300</u>	<u>300</u>	<u>-</u>	<u>(300)</u>
<i>Net Change in Fund Balance</i>	(56,738)	(56,738)	12,810	69,548
<i>Fund Balance Beginning of Year</i>	<u>56,738</u>	<u>56,738</u>	<u>56,738</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 69,548</u>	<u>\$ 69,548</u>

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

Orange Township, Meigs County
*Statement of Receipts, Disbursements and Changes
 In Fund Balance - Budget and Actual -Budget Basis
 Special Levy Fund
 For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>			(Optional) Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$ 14,438	\$ 15,644	\$ 15,941	\$ 297
Intergovernmental	1,950	1,950	1,841	(109)
<i>Total receipts</i>	<u>16,388</u>	<u>17,594</u>	<u>17,782</u>	<u>188</u>
Disbursements				
Current:				
General Government	600	600	586	14
Public Safety	16,707	17,913	17,196	717
<i>Total Disbursements</i>	<u>17,307</u>	<u>18,513</u>	<u>17,782</u>	<u>731</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(919)</u>	<u>(919)</u>	<u>-</u>	<u>919</u>
<i>Fund Balance Beginning of Year</i>	<u>919</u>	<u>919</u>	<u>919</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 919</u>	<u>\$ 919</u>

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

Note 1 – Reporting Entity

The Orange Township, Meigs County, Ohio, 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. The Township also has an elected Township Fiscal Officer.

The reporting entity is comprised of the primary government, component units and other organizations that were included to ensure that the financial statements are not misleading.

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, maintenance of Township roads and bridges, and cemetery maintenance. The Township contracts with the Tupper Plains Fire Department for fire protection. Police protection is provided by Meigs County Sheriff's Department.

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Township's accounting policies.

A. Basis of Presentation

The Township's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements that provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government. The statements show governmental activities of the Township. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

The statement of net assets presents the cash balance of the governmental activities of the Township at year end. The statement of activities compares disbursements with program receipts for each of the Township's governmental and business-type activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that is required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Township's general receipts.

Note 2 – Summary of Significant Accounting Policies (continued)

Fund Financial Statements

During the year, the Township segregates transactions related to certain Township functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

B. Fund Accounting

The Township uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Township are categorized as governmental.

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Township's 2007 major governmental funds are the General, Motor Vehicle, Gasoline, and Special Levy Funds. The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

The other governmental funds of the Township account for grants and other resources whose use is restricted to a particular purpose. The motor vehicle and gasoline are used, to a great extent, for road maintenance/repair, expenditures to keep Township equipment in working order and purchase new capital assets. State law passed within the last few years has greatly enhanced receipts to the gasoline fund. The receipts have given Orange Township much-needed funds to operate the Township.

C. Basis of Accounting

The Township's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

D. Budgetary Process

All of the Township's funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Township may appropriate.

The appropriations ordinance is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control is established and approved for the funds by the Board of Trustees. These appropriations are submitted to the Meigs County Auditor's office.

Note 2 – Summary of Significant Accounting Policies (continued)

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted at the beginning of the year. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Township.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

E. Cash and Investments

To improve cash management, cash received by the Township is pooled and invested. Individual fund integrity is maintained through Township records. Interest in the pool is presented as “Equity in Pooled Cash and Cash Equivalents”.

In compliance with the GASB guidelines, the Township has no investments.

Interest earnings are allocated to Township funds according to state statutes.

Interest receipts credited to the General Fund during 2007 was \$141, Motor Vehicle Fund, \$120 and Gasoline Fund \$349 making total interest receipts received \$610.

Interest receipts credited to the General Fund during 2006 was \$157, Motor Vehicle Fund \$166 and Gasoline Fund \$315 making total interest receipts received \$638.

F. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted assets represent all funds with the exception of the General Fund. These funds represent the majority expenditures for supplies, repair and maintenance for the Township.

G. Inventory and Prepaid Items

The Township reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

H. Capital Assets

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

I. Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

Note 2 – Summary of Significant Accounting Policies (continued)

J. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The governmental funds are used for the following purposes: gasoline, motor vehicle license, road and bridge funds are used primarily for road maintenance/repair but also encompass many other purposes as salaries (and related expenses as OPERS Social Security and Medicare), insurance, equipment purchases, etc.

The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available. The Township has no levies for outside millage.

Note 3 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance. The Township did not have outstanding year end encumbrances.

Note 4 – Deposits and Investments

Monies held by the Township are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Township treasury. Active monies must be maintained either as cash in the Township treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that Trustees have identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Township can be deposited or invested in the following securities:

1. United State Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;

Orange Township
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 4 -Deposits and Investments (continued)

4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Township, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2007, \$47,028 of the Township's bank balance of \$147,028, and at December 31, 2006, \$34,118 of the Township's bank balance of \$134,118, was exposed to custodial risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name.

The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Township or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Note 5 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in 2007 and 2006 represent the collection of 2006 and 2005 taxes. Real property taxes received in 2007 and 2006 were levied after October 1, 2005, on the assessed values as of January 1, 2006, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. 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. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2007 and 2006 represent the collection of 2006 and 2005 taxes. Public utility real and tangible personal property taxes received in 2007 and 2006 became a lien on December 31, 2006 and 2005, were levied after October 1, 2006 and 2005, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Orange Township
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 5 – Property Taxes (continued)

Tangible personal property tax receipts received in 2007 and 2006 (other than public utility property) represent the collection of 2006 and 2005 taxes. Tangible personal property taxes received in 2007 and 2006 were levied after October 1, 2006 and 2005, on the true value as of December 31, 2006 and 2005. Tangible personal property taxes received in 2006 represents the collection of 2005 taxes. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Township operations for the year ended December 31, 2006 (the latest information available) was \$5.20 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2007 and 2006 property tax receipts were based are as follows:

Real Property	
Residential	\$6,017,800
Agricultural	4,053,840
Commercial/Industrial/Mineral	1,099,360
Tangible Personal Property	189,060
Business	1,235,590
Total Assessed Value	<u>\$12,595,650</u>

Note 6 – Risk Management

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

For an occurrence prior to January 1, 2006 OTARMA retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence, including loss adjustment expenses. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with OTARMA.

If losses exhaust OTARMA's retained earnings, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (for claims prior to January 1, 2006) or \$3,000,000 (for claims on or after January 1, 2006) as noted above.

Property Coverage

Through 2004, OTARMA retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500 million per occurrence.

Orange Township
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 6 – Risk Management (continued)

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2006 was \$1,901,127.

The aforementioned casualty and property reinsurance agreements do not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2006 and 2005 (the latest information available):

<u>Casualty Coverage</u>	<u>2006</u>	<u>2005</u>
Assets	\$32,031,312	\$30,485,638
Liabilities	<u>-11,443,952</u>	<u>-12,344,576</u>
Retained earnings	<u>\$20,587,360</u>	<u>\$18,141,062</u>
<u>Property Coverage</u>	<u>2006</u>	<u>2005</u>
Assets	\$10,010,963	\$9,177,796
Liabilities	<u>-676,709</u>	<u>-1,406,031</u>
Retained earnings	<u>\$9,334,254</u>	<u>\$7,771,765</u>

At December 31, 2006 and 2005, respectively, casualty coverage liabilities noted above include approximately \$10.8 million and \$11.6 million of estimated incurred claims payable. The Casualty Coverage assets and retained earnings above also include approximately \$10.8 million and \$11.6 million of unpaid claims to be billed to approximately 958 member governments in the future, as of December 31, 2006 and 2005, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$7,000. This payable includes the subsequent year's contribution due if the Township terminates participation, as described in the last paragraph below.

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

Contributions to OTARMA

2005	\$4,622
2006	\$4,622
2007	\$3,567

Note 6 – Risk Management (continued)

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA provided they give written notice to OTARMA 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

Note 7 – Defined Benefit Pension Plan

A. Ohio Public Employees Retirement System

The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the year ended December 31, 2007, the members of all three plans were required to contribute 9.5 percent of their annual covered salaries. In 2006 it was 9.0. The Township's contribution rate for pension benefits for 2007 was 13.85 percent, and 2006 was 13.70 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2007, 2006, and 2005 were \$8,774, \$8,640 and \$6,310 respectively. The full amount has been contributed for 2007, 2006 and 2005. Contributions to the member-directed plan for 2007 were \$5,204 made by the Township and \$3,570 made by the plan members.

Note 8 - Postemployment Benefits

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2007 local government employer contribution rate was 13.85 percent of covered payroll.

Orange Township
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 8 - Postemployment Benefits (continued)

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2007, include a rate of return on investments of 6.50 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.30 percent based on additional annual pay increases. Health care premiums were assumed to increase between 1.00 and 6.00 percent annually for the next eight years and 4.00 percent annually after eight years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

The number of active contributing participants in the traditional and combined plans was 358,804. Actual employer contributions for 2007 that were used to fund postemployment benefits were \$156,685. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2007, (the latest information available) were \$11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$31.3 billion and \$20.2 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

Note 9 – Debt

The Township's long-term debt activity for the year ended December 31, 2007, was as follows:

Name	Description	Principal Outstanding			Principal Outstanding			Principal Outstanding
		12/31/05	Add	Deductions	12/31/06	Add	Deductions	
Promissory Note	2004 Issue (\$31,012) Interest Rate 5.25%	\$25,027	\$ -	\$5,779	\$19,248	\$ -	\$6,087	\$13,161

The promissory note is supported by the full faith and credit of the Township and is payable from unvoted property tax receipts to the extent that other resources are not available to meet annual principal and interest payments.

The following is a summary of the Township's future annual debt service requirements:

Year	Promissory Note	
	Principal	Interest
2008	\$6,409	\$703
2009	6,752	359
Totals	<u>\$13,161</u>	<u>\$1,062</u>

The Ohio Revised Code provides that net general obligation debt of the Township, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Township. The Revised Code further provides that total voted and unvoted net debt of the Township less the same exempt debt shall never exceed amount equal to 10.5 percent of its tax valuation. The effects of the debt limitations at December 31, 2007, were an overall debt margin of \$14,223 and an unvoted debt margin of \$0.

Perry & Associates
Certified Public Accountants, A.C.

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**INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

February 21, 2008

Orange Township
Meigs County
41520 Keebaugh-Follrod Road
Pomeroy, Ohio 43946

To the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Orange Township, Meigs County, (the Township) as of and for the years ended December 31, 2007 and 2006, which collectively comprise the Township's basic financial statements and have issued our report thereon dated February 21, 2008. 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 Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Township's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Township's internal control will not prevent or detect a material financial statement misstatement.

Internal Control Over Financial Reporting (Continued)

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We noted one internal control matter that we reported to the Township's management in a separate letter dated February 21, 2008.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed no instances of noncompliance or other matters that we must report under *Government Auditing Standard*.

This report is intended solely 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.

Respectfully Submitted,

Perry and Associates
Certified Public Accountants, A.C.



Mary Taylor, CPA
Auditor of State

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 10, 2008