



Dave Yost • Auditor of State

ORANGE TOWNSHIP
DELAWARE COUNTY

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Dave Yost • Auditor of State

Orange Township
Delaware County
1680 E. Orange Road
Lewis Center, Ohio 43035

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your Township 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. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in black ink that reads "Robert R. Hinkle".

Robert R. Hinkle, CPA, CGFM
Chief Deputy Auditor

August 24, 2012

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Orange Township
Delaware County
1680 E. Orange Road
Lewis Center, Ohio 43035

To the Board of Trustees:

We have audited the accompanying financial statements of Orange Township, Delaware County, Ohio, (the Township) as of and for the years ended December 31, 2011 and 2010. 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. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. We believe 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.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Township's larger (i.e. major) funds separately. 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 GAAP presentation requirements. The Auditor of State permits, but does not require townships to reformat their statements. The Township has elected not to follow GAAP statement formatting requirements. 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, 2011 and 2010 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, 2011 and 2010, 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 as of December 31, 2011 and 2010 and the reserves for encumbrances as of December 31, 2010 of Orange Township, Delaware County, Ohio, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As described in Note 1, during 2011 the Township adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 24, 2012, 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.



Robert R. Hinkle, CPA, CGFM
Chief Deputy Auditor

August 24, 2012

**ORANGE TOWNSHIP
DELAWARE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2011**

	General	Special Revenue	Capital Projects	Permanent	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$ 2,022,469	\$ 6,221,604	\$ -	\$ -	\$ 8,244,073
Charges for Services	3,700	421,217	-	-	424,917
Licenses, Permits and Fees	148,065	10,241	-	-	158,306
Intergovernmental	520,766	1,629,741	-	-	2,150,507
Earnings on Investments	11,364	1,046	-	2	12,412
Miscellaneous	4,330	41,869	-	-	46,199
<i>Total Cash Receipts</i>	<u>2,710,694</u>	<u>8,325,718</u>	<u>-</u>	<u>2</u>	<u>11,036,414</u>
Cash Disbursements					
Current:					
General Government	1,870,912	-	-	-	1,870,912
Public Safety	-	6,438,282	-	-	6,438,282
Public Works	117,684	433,021	-	-	550,705
Health	-	5,961	-	-	5,961
Conservation-Recreation	-	749,451	-	-	749,451
Capital Outlay	315,979	3,411,529	-	-	3,727,508
<i>Total Cash Disbursements</i>	<u>2,304,575</u>	<u>11,038,244</u>	<u>-</u>	<u>-</u>	<u>13,342,819</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>406,119</u>	<u>(2,712,526)</u>	<u>-</u>	<u>2</u>	<u>(2,306,405)</u>
Other Financing Receipts (Disbursements)					
Transfers In	-	-	6,000,000	-	6,000,000
Transfers Out	(6,000,000)	-	-	-	(6,000,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(6,000,000)</u>	<u>-</u>	<u>6,000,000</u>	<u>-</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	(5,593,881)	(2,712,526)	6,000,000	2	(2,306,405)
<i>Fund Cash Balances, January 1</i>	<u>11,315,634</u>	<u>10,210,021</u>	<u>107,645</u>	<u>3,679</u>	<u>21,636,979</u>
Fund Cash Balances, December 31					
Nonspendable	-	-	-	3,681	3,681
Restricted	-	7,497,495	107,645	-	7,605,140
Committed	-	-	6,000,000	-	6,000,000
Assigned	4,127,091	-	-	-	4,127,091
Unassigned (Deficit)	1,594,662	-	-	-	1,594,662
<i>Fund Cash Balances, December 31</i>	<u>\$ 5,721,753</u>	<u>\$ 7,497,495</u>	<u>\$ 6,107,645</u>	<u>\$ 3,681</u>	<u>\$ 19,330,574</u>

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

**ORANGE TOWNSHIP
DELAWARE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Permanent</u>	
Cash Receipts:					
Property and Other Local Taxes	\$ 1,997,095	\$ 6,118,597	\$ -	\$ -	\$ 8,115,692
Charges for Services	3,150	389,603	-	-	392,753
Licenses, Permits, and Fees	132,113	15,225	-	-	147,338
Intergovernmental	417,356	1,670,103	-	-	2,087,459
Earnings on Investments	21,328	5,497	1	1	26,827
Miscellaneous	5,943	33,492	-	-	39,435
Total Cash Receipts	<u>2,576,985</u>	<u>8,232,517</u>	<u>1</u>	<u>1</u>	<u>10,809,504</u>
Cash Disbursements:					
Current:					
General Government	1,593,411	-	-	-	1,593,411
Public Safety	-	5,918,548	-	-	5,918,548
Public Works	89,958	457,410	-	-	547,368
Health	-	6,424	-	-	6,424
Conservation - Recreation	-	700,301	-	-	700,301
Capital Outlay	307,548	4,091,288	-	-	4,398,836
Total Cash Disbursements	<u>1,990,917</u>	<u>11,173,971</u>	<u>-</u>	<u>-</u>	<u>13,164,888</u>
Total Receipts Over/(Under) Disbursements	<u>586,068</u>	<u>(2,941,454)</u>	<u>1</u>	<u>1</u>	<u>(2,355,384)</u>
Fund Cash Balances, January 1	<u>10,729,566</u>	<u>13,151,475</u>	<u>107,644</u>	<u>3,678</u>	<u>23,992,363</u>
Fund Cash Balances, December 31	<u>\$ 11,315,634</u>	<u>\$ 10,210,021</u>	<u>\$ 107,645</u>	<u>\$ 3,679</u>	<u>\$ 21,636,979</u>
Reserve for Encumbrances, December 31	<u>1,455</u>	<u>2,568,057</u>	<u>-</u>	<u>-</u>	<u>2,569,512</u>

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

**ORANGE TOWNSHIP
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Orange Township, Delaware County, Ohio (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, conservation and recreation services, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Delaware County Sheriff's department to provide security of persons and property.

The Township participates in the Ohio Plan Risk Management, Inc (the Plan) public entity risk pool. Note 6 to the financial statements provides additional information for this entity.

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Deposits and Investments

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Certificates of deposit are valued at cost. Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

D. Fund Accounting

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

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

**ORANGE TOWNSHIP
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds

These funds account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had 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.

3. Capital Project Funds

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Township had the following significant capital project funds:

Green Meadows/Highfield Roundabout Improvement Capital Project Fund - This fund is used to accumulate resources for the construction of a roundabout improvement to Green Meadows Road in the area of its intersection with Highfield Drive.

East Orange Road Improvements Capital Project Fund #1 - This fund is used to accumulate resources to complete improvements to East Orange Road in the area extending from Orange Centre Drive to the Norfolk & Southern railroad tracks.

East Orange Road Improvements Capital Project Fund #2 - This fund is used to accumulate resources to complete improvements to East Orange Road in the area extending from New York Central Lines LLC railroad tracks to South Old State Road.

Orange Road/US 23 Intersection Improvements Capital Project Fund - This fund is used to accumulate resources to complete improvement to the intersection of Orange Road and US-23.

West Orange Road Improvements Capital Project Fund - This fund is used to accumulate resources to complete improvements to West Orange Road in the area extending from the Liberty Township Line to US-23.

Bale-Kenyon Road Improvements Capital Project Fund - This fund is used to accumulate resources to complete improvements to Bale-Kenyon Road in the area extending from its intersection with Lewis Center Road to its intersection with East Orange Road.

**ORANGE TOWNSHIP
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

4. Permanent Funds

These funds account for assets held under a trust agreement that are legally restricted to the extent that only earnings, not principal, are available to support the Township's programs. The Township had the following significant permanent fund:

Cemetery Bequest Fund – This fund receives interest earned on the nonexpendable corpus. These earnings are used for the general maintenance and upkeep of the Township's cemetery.

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

3. Encumbrances

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

A summary of 2011 and 2010 budgetary activity appears in Note 3.

F. Fund Balance

For December 31, 2011, fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable

The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

**ORANGE TOWNSHIP
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

F. Fund Balance (Continued)

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

3. Committed

Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

3. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

4. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

G. Property, Plant, and Equipment

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

H. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**ORANGE TOWNSHIP
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

2. Equity in Pooled Deposits and Investments

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

	2011	2010
Demand deposits	\$342,362	\$363,547
Certificates of deposit	3,144	2,763
Other time deposits (savings and NOW accounts)	10,154	10,138
Total deposits	355,660	376,448
STAR Ohio	18,974,914	21,260,531
Total investments	18,974,914	21,260,531
Total deposits and investments	\$19,330,574	\$21,636,979

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

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

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2011 and 2010 follows:

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,514,659	\$2,710,694	\$196,035
Special Revenue	7,284,217	8,325,718	1,041,501
Capital Projects	0	6,000,000	6,000,000
Permanent	0	2	2
Total	\$9,798,876	\$17,036,414	\$7,237,538

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$9,853,992	\$8,538,469	\$1,315,523
Special Revenue	15,966,238	11,834,087	4,132,151
Capital Projects	0	0	0
Permanent	0	0	0
Total	\$25,820,230	\$20,372,556	\$5,447,674

**ORANGE TOWNSHIP
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

3. Budgetary Activity (Continued)

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,494,616	\$2,576,985	\$82,369
Special Revenue	7,192,556	8,232,517	1,039,961
Capital Projects	0	1	1
Permanent	0	1	1
Total	\$9,687,172	\$10,809,504	\$1,122,332

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,561,910	\$1,992,372	\$1,569,538
Special Revenue	17,556,883	13,742,028	3,814,855
Capital Projects	0	0	0
Permanent	0	0	0
Total	\$21,118,793	\$15,734,400	\$5,384,393

4. Property Tax

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

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

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

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

5. Retirement Systems

The Township's certified Fire Fighters belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

**ORANGE TOWNSHIP
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

5. Retirement Systems (Continued)

The Ohio Revised Code also prescribes contribution rates. For 2011 and 2010, OP&F participants contributed 10% of their wages. For 2011 and 2010, the Township contributed to OP&F an amount equal to 24% of full-time fire fighters' wages. For 2011 and 2010, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2011.

6. Risk Management

The Ohio Plan Risk Management, Inc (the Plan) was formed on January 1, 2009 through an internal reorganization. Prior to 2009, the OPRM's financial information which related to the property and casualty line of business was included in a separate entity, the Ohio Government Risk Management Plan ("Ohio Plan"). Also included in the Ohio Plan was an additional line of business for a health product. The Plan was formed to separately manager the property and casualty property from the health product. Because this was simply an internal reorganization, the historical cost basis has been maintained by the OPRM.

The Plan, as the former Ohio Government Risk Management Plan (the "Ohio Plan"), was organized in June 1988, as authorized by Section 2744.081 of the Ohio Revised Code. The Ohio Plan was an unincorporated non-profit association of its members. Effective January 1, 2009, the OPRM incorporated to act as an instrumentality for each member for the sole purpose of enabling members of the Plan to provide for formalized, jointly administered self-insurance programs to maintain adequate self-insurance protection, risk management programs, and other administrative services.

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a legally separate entity for the public purpose of enabling its members to obtain self-insurance through a jointly administered self-insurance fund. Members of the Plan are political subdivisions such as townships, village, cities, and others in the State of Ohio which are eligible to practice under applicable statute, ruling or law subject to certain underwriting standards as deemed appropriation by the Plan and its administrator. The Plan is governed by a Board of Directors comprised of appointed and elected representatives of public entities that participate in the program.

The Plan was first established to provide property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio. These coverage programs, referred to as Ohio Plan Risk management ("OPRM"), are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. The OPRM has agreed to pay judgments, settlements and other expenses resulting from claims arising related to the property and casualty coverages provided, in excess of the member's deductible. OPRM had 782 members as of December 31, 2011. The Township participates in this coverage.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

**ORANGE TOWNSHIP
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

6. Risk Management (Continued)

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Plan's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2011 and 2010:.

	2011	2010
Assets	\$12,501,280	\$12,036,541
Liabilities	<u>(5,328,761)</u>	<u>(4,845,056)</u>
Members' Equity	<u>\$7,172,519</u>	<u>\$7,191,485</u>

You can read the complete audited financial statements for The Ohio Plan Risk Management, Inc at the Plan's website, www.ohioplan.org.

7. Contingent Liabilities

The Township is a defendant in lawsuits. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the Township's financial condition.

Amounts grantor agencies pay to the Township are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.



Dave Yost • Auditor of State

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

Orange Township
Delaware County
1680 E. Orange Road
Lewis Center, Ohio 43035

To the Board of Trustees:

We have audited the financial statements of Orange Township, Delaware County, Ohio, (the Township) as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated August 24, 2012 wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We noted in 2011 the Township adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. We also noted the Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. 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 the purpose of expressing our opinion on the financial statements, but not for the purpose of opining 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 *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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.

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 we must report under *Government Auditing Standards*.

We did note certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated August 24, 2012.

We intend this report solely for the information and use of management, the Board of Trustees, and others within the Township. We intend it for no one other than these specified parties.



Robert R. Hinkle, CPA, CGFM
Chief Deputy Auditor

August 24, 2012



Dave Yost • Auditor of State

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
SEPTEMBER 27, 2012