



Dave Yost • Auditor of State

ORANGE TOWNSHIP
MEIGS COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Orange Township
Meigs County
42455 Woods Road
Coolville, Ohio 45723

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of Orange Township, Meigs County, Ohio (the Township), as of and for the years ended December 31, 2013 and 2012.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1B of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1B and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2013 and 2012, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Orange Township, Meigs County, Ohio, as of December 31, 2013 and 2012, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1B.

Emphasis of Matter

As discussed in Note 1 to the financial statements, during 2012, the Township adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 8, 2014, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Dave Yost
Auditor of State

Columbus, Ohio

July 8, 2014

**ORANGE TOWNSHIP
MEIGS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$14,072	\$43,262	\$57,334
Intergovernmental	17,979	106,749	124,728
Earnings on Investments	82	32	114
Miscellaneous	426	35	461
<i>Total Cash Receipts</i>	<u>32,559</u>	<u>150,078</u>	<u>182,637</u>
Cash Disbursements			
Current:			
General Government	51,764	587	52,351
Public Safety		34,617	34,617
Public Works	12,748	87,039	99,787
Debt Service:			
Principal Retirement	5,147		5,147
Interest and Fiscal Charges	1,704		1,704
<i>Total Cash Disbursements</i>	<u>71,363</u>	<u>122,243</u>	<u>193,606</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(38,804)</u>	<u>27,835</u>	<u>(10,969)</u>
<i>Fund Cash Balances, January 1</i>	<u>42,336</u>	<u>62,899</u>	<u>105,235</u>
Fund Cash Balances, December 31			
Restricted		90,734	90,734
Assigned	3,532		3,532
<i>Fund Cash Balances, December 31</i>	<u>\$3,532</u>	<u>\$90,734</u>	<u>\$94,266</u>

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

**ORANGE TOWNSHIP
MEIGS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$14,179	\$45,464	\$59,643
Intergovernmental	68,200	102,766	170,966
Earnings on Investments	65	65	130
Miscellaneous	667	120	787
<i>Total Cash Receipts</i>	<u>83,111</u>	<u>148,415</u>	<u>231,526</u>
Cash Disbursements			
Current:			
General Government	56,421	3,547	59,968
Public Safety	238	36,475	36,713
Public Works	22,661	87,664	110,325
Capital Outlay	48,066		48,066
<i>Total Cash Disbursements</i>	<u>127,386</u>	<u>127,686</u>	<u>255,072</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(44,275)</u>	<u>20,729</u>	<u>(23,546)</u>
Other Financing Receipts (Disbursements)			
Sale of Notes	40,879		40,879
Sale of Capital Assets	50	400	450
<i>Total Other Financing Receipts (Disbursements)</i>	<u>40,929</u>	<u>400</u>	<u>41,329</u>
<i>Net Change in Fund Cash Balances</i>	(3,346)	21,129	17,783
<i>Fund Cash Balances, January 1</i>	<u>45,682</u>	<u>41,770</u>	<u>87,452</u>
Fund Cash Balances, December 31			
Restricted		62,899	62,899
Assigned	35,260		35,260
Unassigned (Deficit)	7,076		7,076
<i>Fund Cash Balances, December 31</i>	<u>\$42,336</u>	<u>\$62,899</u>	<u>\$105,235</u>

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

**ORANGE TOWNSHIP
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

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 the Orange Township, Meigs County (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 and cemetery maintenance. The Township contracts with Tupper's Plains Fire Department to provide fire protection.

The Township participates in Ohio Township Association Risk Management Authority (OTARMA), a public entity risk pool. Note 7 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

All cash assets of the Township are maintained in an interest bearing checking account.

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 accounts for and reports all financial resources not accounted for and reported in another fund.

2. Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

**ORANGE TOWNSHIP
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Fund (Continued)

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

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

Fire Levy Fund - This fund receives property tax money for fire protection services.

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function, and object level of control and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must 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 canceled, and reappropriated in the subsequent year.

A summary of 2013 and 2012 budgetary activity appears in Note 3.

F. Fund Balance

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
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(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.

4. 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.

5. 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.

**ORANGE TOWNSHIP
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

2. Equity in Pooled Deposits

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

	2013	2012
Demand deposits	\$94,266	\$105,235

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation.

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2013 and 2012 follows:

2013 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$24,748	\$32,559	\$7,811
Special Revenue	141,810	150,078	8,268
Total	\$166,558	\$182,637	\$16,079

2013 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$60,008	\$71,363	(\$11,355)
Special Revenue	184,820	122,243	62,577
Total	\$244,828	\$193,606	\$51,222

2012 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$28,906	\$124,040	\$95,134
Special Revenue	144,372	148,815	4,443
Total	\$173,278	\$272,855	\$99,577

2012 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$74,588	\$127,386	(\$52,798)
Special Revenue	216,175	127,686	88,489
Total	\$290,763	\$255,072	\$35,691

Contrary to Ohio law, expenditures exceeded appropriation authority in the General Fund in 2013 and 2012 by \$11,355 and \$52,798, respectively.

**ORANGE TOWNSHIP
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

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.

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

5. Debt

Debt outstanding at December 31, 2013 was as follows:

	Principal	Interest Rate
Truck Note	\$35,732	4%

The Township issued a promissory note in the amount of \$40,879 in February 2012 for the purchase of a truck.

Amortization of the above debt is scheduled as follows:

Year ending December 31:	Truck Note
2014	\$6,851
2015	6,851
2016	6,851
2017	6,851
2018	6,851
2019	6,851
Total	\$41,106

6. Retirement Systems

The Township's elected officials and employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2013 and 2012, OPERS members contributed 10%, respectively, of their gross salaries and the Township contributed an amount equaling 14%, respectively, of participants' gross salaries. The Township has paid all contributions required through December 31, 2013.

The Township Trustees have elected not to participate in OPERS. The Township Trustees all contribute to Social Security.

**ORANGE TOWNSHIP
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

7. Risk Management

Risk Pool Membership

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. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) (York or Management), functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. 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 and Property Coverage

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2013, OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims.

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

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, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Assets	\$34,954,286	\$34,771,270
Liabilities	8,486,363	9,355,082
Net Position	\$26,467,923	\$25,416,188

At December 31, 2013 and 2012, respectively, the liabilities above include approximately \$7.9 and \$8.7 million of estimated incurred claims payable. The assets above also include approximately \$7.4 and \$7.8 million of unpaid claims to be billed to approximately 948 member governments in the future, as of December 31, 2013 and 2012, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2013, the Township's share of these unpaid claims collectible in future years is approximately \$3,000.

**ORANGE TOWNSHIP
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

7. Risk Management (Continued)

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.

<u>Contributions to OTARMA</u>	
<u>2013</u>	<u>2012</u>
\$5,810	\$5,879

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's 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.

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

Orange Township
Meigs County
42455 Woods Road
Coolville, Ohio 45723

To the Board of Trustees:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Orange Township, Meigs County, Ohio (the Township) as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements and have issued our report thereon dated July 8, 2014, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit. We also noted the Township has adopted Governmental Accounting Standards Board Statement No. 54.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying Schedule of Findings, we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider Finding 2013-004 described in the accompanying Schedule of Findings to be a material weakness.

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, opining 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 instances of noncompliance or other matters we must report under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2013-001 through 2013-003.

Entity's Response to Findings

The Township's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. We did not audit the Township's responses and, accordingly, we express no opinion on them.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Dave Yost
Auditor of State

Columbus, Ohio

July 8, 2014

**ORANGE TOWNSHIP
MEIGS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2013 AND 2012**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2013-001

Noncompliance

Ohio Rev. Code § 505.24(C) states, in part, by unanimous vote, a board of township trustees may adopt a method of compensation consisting of an annual salary to be paid in equal monthly payments. The amount of the annual salary approved by the board shall be no more than the maximum amount that could be received annually by a trustee if the trustee were paid on a per diem basis as specified in this division, and shall be paid from the township general fund or from other township funds in such proportions as the board may specify by resolution. Each trustee shall certify the percentage of time spent working on matters to be paid from the township general fund and from other township funds in such proportions as the kinds of services performed.

During 2012 and 2013, the Township Trustees did not complete the required certifications but were compensated entirely from the Gasoline and Motor Vehicle License (MVL) Funds. This resulted in the Township paying General Fund related activities from the Gasoline Fund totaling \$18,279 and the MVL Fund totaling \$9,139 in 2012 and from the Gasoline Fund totaling \$18,279 and the MVL Fund totaling \$9,139 in 2013. In accordance with the foregoing facts, a Finding for Adjustment is hereby issued against the General Fund in the amount of \$54,836 and in favor of the Gasoline Tax Fund in the amount of \$36,558 and in favor of the MVL Fund in the amount of \$18,278.

We recommend the Township officials review Auditor of State Bulletin 2011-007 and adopt formal administrative procedures regarding documenting the time spent by the Board of Trustees on various duties. Once these administrative procedures are established, Trustee salary and related benefits should be charged to the actual funds in accordance with the signed certifications of payroll.

Official's Response:

The adjustments have been made and starting in 2014, each trustee and clerk will sign payroll certifications each month.

FINDING NUMBER 2013-002

Noncompliance

Ohio Rev. Code § 5705.41(B) states no subdivision or taxing unit is to expend money unless it has been appropriated.

Expenditures exceeded appropriations in the General Fund for 2013 and 2012 as follows:

	<u>Appropriations</u>	<u>Expenditures</u>	<u>Variance</u>
2013	\$ 60,008	\$ 71,363	\$ (11,355)
2012	74,588	127,386	(52,798)

The expenditures exceeded appropriations as a result of audit adjustments increasing General Fund expenditures in the amount of \$27,418 in 2013 and \$68,297 in 2012.

We recommend the Fiscal Officer record all activity to the financial statements and the Board of Trustees approve amendments to the estimated resources and appropriations as needed.

**ORANGE TOWNSHIP
MEIGS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2013 AND 2012
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2013-002 (Continued)

Noncompliance – Ohio Rev. Code § 5705.41(B) (Continued)

Official's Response:

All adjustments reported by Auditor have been made and copy emailed to her. We will handle at next meeting and will monitor appropriations and expenditures and hopefully not have the posting errors in the future audits that would result in this noncompliance.

FINDING NUMBER 2013-003

Noncompliance

Ohio Rev. Code § 505.262(A) authorizes a board of township trustees to issue notes of the township to finance installment payment purchases of equipment, buildings, and sites for any lawful township purpose. All notes issues shall be pursuant to Revised Code §133.20. Furthermore, The Attorney General opined that Ohio Rev. Code §505.262(A) does not grant explicitly or implicitly the authority of the township to grant a security interest in the property purchased by the installment contract [1996 Op. Atty Gen. No. 1996-048].

The Township issued a Promissory Note in the amount of \$40,879 in 2012 that did not meet the requirements of Ohio Rev. Code § 133.20.

We recommend the Board of Trustees authorize only the issuance of notes pursuant to Ohio Rev. Code § 133.20.

Official's Response: We will note this for the future.

FINDING NUMBER 2013-004

Material Weakness

Sound financial reporting is the responsibility of the fiscal officer and governing board and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

As a result of the audit procedures performed, the following errors were noted in the financial statements that required audit adjustment or reclassification:

In 2012:

- Debt proceeds and related capital outlay totaling \$40,879 should be posted in the General Fund.
- The entire General Fund balance was reported as Unassigned, however, \$35,260 should be Assigned.
- Homestead and Rollback receipts of \$3,820 were posted to Intergovernmental Revenue in the Road and Bridge Fund but should be Intergovernmental Revenue in the General Fund (\$1,115) and in the Fire Fund (\$2,705).

**ORANGE TOWNSHIP
MEIGS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2013 AND 2012
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2013-004 (Continued)

Material Weakness (Continued)

- Trustees salaries totaling \$27,418 were paid from the Gasoline Tax Fund – Public Works (\$18,279) and Motor Vehicle License (MVL) Fund (\$9,139) however, the Trustees did not complete salary certifications so salaries should be paid from the General Fund – General Government.

In 2013:

- Debt interest payment of \$1,704 should be posted to Debt Service-Interest rather than Other Financing Uses in the General Fund.
- The General Fund balance was reported as Unassigned, however, the entire \$3,532 should be Assigned.
- Homestead and Rollback receipts of \$9,682 were posted to General Fund Taxes but should be posted to Intergovernmental Revenue in the General Fund (\$2,332), Road and Bridge Fund (\$1,704) and Fire Levy Fund (\$5,646).
- Gasoline Tax receipts of \$7,186 were posted as Intergovernmental Revenue in the MVL Fund and should be Intergovernmental Revenue in the Gasoline Tax Fund.
- Trustees salaries totaling \$27,418 were paid from the Gasoline Tax Fund – Public Works (\$18,279) and MVL Fund (\$9,139) however, the Trustees did not complete salary certifications so salaries should be paid from the General Fund – General Government.

The audited financial statements reflect the adjustments noted above and the Fiscal Officer posted the adjustments to the accounting system.

To ensure the Township's financial statements and notes to the financial statements are complete and accurate, we recommend the Fiscal Officer review the Township Manual for guidance on the correct line item to post various receipts and expenditures of the Township.

Official's Response:

This was due in part to lack of training, however, I will be attending any training sessions provided by the Auditor of State's office and I always attend any UAN trainings. I now understand this procedure and will monitor carefully in the future. I have made the adjustments provided by the Auditor and emailed proof of same.

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Dave Yost • 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
AUGUST 5, 2014**