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*ALGER & ASSOCIATES, Inc.*



*PROFESSIONAL FINANCIAL AND COMPLIANCE AUDIT SERVICES*

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ORANGE TOWNSHIP  
CARROLL COUNTY, OHIO

**REGULAR AUDIT**

*A&A*

FOR THE PERIOD

December 31, 2015 AND 2014

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# Dave Yost • Auditor of State

Board of Trustees  
Orange Township  
8132 Antiqua Road  
Sherrodsville, Ohio 44675

We have reviewed the *Independent Auditor's Report* of Orange Township, Carroll County, prepared by Alger & Associates, Inc., for the audit period January 1, 2014 through December 31, 2015. 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.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

July 21, 2016

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ORANGE TOWNSHIP  
CARROLL COUNTY

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# ALGER & ASSOCIATES, Inc.

Certified Public Accountants

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## INDEPENDENT AUDITOR'S REPORT

Orange Township, Carroll County  
8132 Antiqua Road  
Sherrodsville, Ohio 44675

To the Board of Trustees:

### *Report on the Financial Statements*

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of Orange Township, Carroll County, (the Township) as of and for the years ended December 31, 2015 and 2014.

### *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 opinions.

6927 Burgundy Ave. N.W  
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Phone (330) 353-5851 – Fax (330) 768-7578

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

As described in Note 1 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 (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Township does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

***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, 2015 and 2014, 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, Carroll County as of December 31, 2015 and 2014, 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 1.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 13, 2016, 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.

Alger &  
Associates, Inc.

Digitally signed by Alger &  
Associates, Inc.,  
DN: cn=Alger & Associates, Inc.,  
o=Alger & Associates, Inc., ou,  
email=galgers3@aatt.net, c=US  
Date: 2016.06.23 08:18:52 -04'00'

Alger & Associates, Inc.  
Certified Public Accountants  
North Canton, Ohio  
June 13, 2016

ORANGE TOWNSHIP  
CARROLL COUNTY

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2015

	General	Special Revenue	Permanent	Totals (Memorandum Only)
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$14,468	\$81,081	\$0	\$95,549
Intergovernmental	23,894	141,402	-	165,296
Earnings on Investments	8	16	-	24
Miscellaneous	19,794	17,677	-	37,471
<b>Total Cash Receipts</b>	<b>58,164</b>	<b>240,176</b>	<b>-</b>	<b>298,340</b>
<b>Cash Disbursements:</b>				
Current:				
General Government	33,840	-	-	33,840
Public Safety	-	59,540	-	59,540
Public Works	-	137,009	-	137,009
Health	150	-	-	150
Capital Outlay	27,349	117,515	-	144,864
<b>Total Cash Disbursements</b>	<b>61,339</b>	<b>314,064</b>	<b>-</b>	<b>375,403</b>
<b>Total Receipts Under Disbursements</b>	<b>(3,175)</b>	<b>(73,888)</b>	<b>-</b>	<b>(77,063)</b>
<b>Other Financing Disbursements):</b>				
Other Financing Uses	-	23	-	23
<b>Total Other Financing Disbursements</b>	<b>-</b>	<b>23</b>	<b>-</b>	<b>23</b>
<b>Net Change in Fund Cash Balances</b>	<b>(3,175)</b>	<b>(73,865)</b>	<b>-</b>	<b>(77,040)</b>
<b>Fund Cash Balance, January 1</b>	<b>29,234</b>	<b>191,661</b>	<b>261</b>	<b>221,156</b>
<b>Fund Cash Balance, December 31</b>				
Nonspendable	-	-	261	261
Restricted	-	117,796	-	117,796
Unassigned	25,959	-	-	25,959
<b>Fund Cash Balance, December 31</b>	<b>\$26,059</b>	<b>\$117,796</b>	<b>\$261</b>	<b>\$144,116</b>

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

ORANGE TOWNSHIP  
CARROLL COUNTY

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN FUND CASH BALANCES  
FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Fiduciary Fund Type</u>
	<u>Agency</u>
<b>Non-Operating Disbursements</b>	
Other Financing Uses	(6,500)
Total Non-Operating Disbursements	(6,500)
Net Change in Fund Cash Balances	(6,500)
Fund Cash Balance, January 1	6,500
<b>Fund Cash Balance, December 31</b>	<b>\$0</b>

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

ORANGE TOWNSHIP  
CARROLL COUNTY

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2014

	General	Special Revenue	Permanent	Totals (Memorandum Only)
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$14,109	\$78,547	\$0	\$92,656
Intergovernmental	11,186	117,418	-	128,604
Earnings on Investments	16	15	-	31
Miscellaneous	7	2,964	-	2,971
<b>Total Cash Receipts</b>	<b>25,318</b>	<b>198,944</b>	<b>-</b>	<b>224,262</b>
<b>Cash Disbursements:</b>				
Current:				
General Government	78,378	-	-	78,378
Public Safety	-	33,811	-	33,811
Public Works	-	131,120	-	131,120
<b>Total Cash Disbursements</b>	<b>78,378</b>	<b>164,931</b>	<b>-</b>	<b>243,309</b>
Total Receipts Over/(Under) Disbursements	(53,060)	34,013	-	(19,047)
<b>Other Financing Receipts:</b>				
Other Financing Sources	-	1,631	-	1,631
Net Change in Fund Cash Balances	(53,060)	35,644	-	(17,416)
Fund Cash Balance, January 1	82,294	156,017	261	238,572
<b>Fund Cash Balance, December 31</b>				
Nonspendable	-	-	261	261
Restricted	-	140,027	-	140,027
Assigned	14,265	-	-	14,265
Unassigned	66,603	-	-	66,603
<b>Fund Cash Balance, December 31</b>	<b>\$29,234</b>	<b>\$191,661</b>	<b>\$261</b>	<b>\$221,156</b>

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

ORANGE TOWNSHIP  
CARROLL COUNTY

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN FUND CASH BALANCES  
FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Fiduciary Fund Type</u>
	<u>Agency</u>
<b>Non-Operating Receipts</b>	
Miscellaneous Receipts	\$5,000
Total Non-Operating Receipts	5,000
Net Change in Fund Cash Balances	5,000
Fund Cash Balance, January 1	1,500
<b>Fund Cash Balance, December 31</b>	<u><u>\$6,500</u></u>

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

**ORANGE TOWNSHIP  
CARROLL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014**

**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, Carroll County, 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 the Perry Township, Sherrodsville, and Leesville Volunteer Fire Departments to provide fire protection and Sherrodsville Emergency Medical Services, Inc., to provide ambulance services.

The Township participates in a public entity risk pool. Notes 6 to the financial statements provides additional information for these entities. This organization is: Ohio Township Association Risk Management Authority (OTARMA). This is a risk sharing pool available to all Townships for property and casualty insurance coverage.

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 permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

**C. Deposits**

The Township had one primary, interest bearing checking account during the audit period.

**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.

ORANGE TOWNSHIP  
CARROLL COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)

1. Summary of Significant Accounting Policies (continued)

D. Fund Accounting (continued)

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:

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

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

3. Permanent Funds

These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Township had the following significant permanent fund:

Cemetery Endowment Fund - This fund receives interest earned on the nonexpendable corpus from a trust agreement. These earnings are used for the general maintenance and upkeep of the Township's cemetery.

4. Fiduciary Funds (Agency Fund)

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Township disburses these funds as directed by the individual, organization or other government. The Township had the following significant Agency Fund.

Road Bond Fund - This fund is used to accounts for bonds given by companies and held by the Township until the road use is completed.

ORANGE TOWNSHIP  
CARROLL COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)

1. **Summary of Significant Accounting Policies (continued)**

E. **Budgetary Process**

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

1. **Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. 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 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 2015 and 2014 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. **Non-spendable**

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

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.

ORANGE TOWNSHIP  
CARROLL COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)

1. **Summary of Significant Accounting Policies (continued)**

F. **Fund Balance (continued)**

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.

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  
CARROLL COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)

2. **Equity in Pooled Deposits and Investments**

The Township maintains a deposit 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:

	2015	2014
Demand deposits	\$144,116	\$227,656

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

3. **Budgetary Activity**

Budgetary activity for the years ending December 31, 2015 and 2014 follows:

2015 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$52,068	\$58,164	\$6,096
Special Revenue	277,171	240,176	(36,995)
Total	\$329,239	\$298,340	(\$30,899)

2015 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$0	\$61,339	(\$61,339)
Special Revenue	0	314,087	(314,087)
Fiduciary	0	6,500	(6,500)
Total	\$0	\$381,926	(\$381,926)

2014 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$24,325	\$25,318	\$993
Special Revenue	234,323	200,575	(33,748)
Fiduciary	(250)	5,000	4,750
Total	\$258,398	\$230,893	(\$28,005)

**ORANGE TOWNSHIP  
CARROLL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

**3. Budgetary Activity (continued)**

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$105,626	\$78,378	\$27,248
Special Revenue	441,465	267,772	173,693
Fiduciary	11	0	11
Total	\$547,102	\$346,150	\$200,952

Contrary to Ohio law, the Township failed to formally approve appropriations resulting in all budgetary expenditures exceeded appropriation authority in all funds for the year ended December 31, 2015.

Contrary to Ohio law, the Township had appropriations in excess of estimated resources and in excess of the available resources at year end 2014 in the Motor Vehicle License Tax Fund, Gasoline Tax Fund and the Road & Bridge Fund in the amounts of \$12,592, \$21,256 and \$17,386 respectfully.

**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.

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

The Ohio Revised Code also prescribes contribution rates. For 2015 and 2014, OPERS members contributed 10%, of their gross salaries and the Township contributed an amount 14%, of participants' gross salaries. The Township has paid all contributions required through December 31, 2015.

ORANGE TOWNSHIP  
CARROLL COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)

**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. 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, 2015, 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, 2015 and 2014 (the latest information available):

	<u>2015</u>	<u>2014</u>
Assets	\$37,313,311	\$35,970,263
Liabilities	8,418,518	8,912,432
Net Position	\$28,894,793	\$27,057,831

At December 31, 2015 and 2014, respectively, the liabilities above include approximately \$7.8 and \$8.2 million of estimated incurred claims payable. The assets above also include approximately \$7.7 and \$7.2 million of unpaid claims to be billed to approximately 989 members and 957 member governments in the future, as of December 31, 2015 and 2014, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2015, the Township's share of these unpaid claims collectible in future years is approximately \$3.000

ORANGE TOWNSHIP  
CARROLL COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)

6. 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>2015</u>	<u>2014</u>
\$5,986	\$5,900

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.

7. Contingent Liabilities

Management believes there are no pending claims or lawsuits.



# ALGER & ASSOCIATES, Inc.

Certified Public Accountants

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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, Carroll County  
8132 Antiqua Road  
Sherrodsville, Ohio 44675

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 cash balances, receipts, and disbursements by fund type of Orange Township, Carroll County, (the Township) as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements, and have issued our report thereon dated June 13, 2016, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

### *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 opinions 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.

*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 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2015-001 to be a material weakness.

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Phone (330) 353-5851 – Fax (330) 768-7578

***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 2015-001 through 2015-002.

***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.

**Alger &  
Associates, Inc.**



Digitally signed by Alger &  
Associates, Inc.  
DN: cn=Alger & Associates, Inc.,  
o=Alger & Associates, Inc., ou,  
email=galger53@att.net, c=US  
Date: 2016.06.23 08:18:28 -04'00'

Alger & Associates, Inc.  
Certified Public Accountants  
North Canton, Ohio

June 13, 2016

ORANGE TOWNSHIP  
CARROLL COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2015 AND 2014

FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

FINDING NUMBER 2015-001

**Noncompliance and Material Weakness**

Ohio Rev. Code § 5705.38(A) states, in part, that on or about the first day of each year, the taxing authority of each subdivision or other taxing unit shall pass an appropriation measure. If it desires to postpone passage of the annual appropriation measure until an amended certificate is received, the subdivision may pass a temporary appropriation measure for meeting ordinary expenses of the taxing unit until not later than the first day of April of the current year, and the appropriations made therein shall be chargeable to the appropriations in the annual appropriation measure for that fiscal year.

The Board of Trustees did not adopt a permanent appropriation measure for 2015.

We recommend an annual appropriation measure be adopted by the Trustees and that such be noted in the minutes. After such appropriation measure is adopted, it should subsequently be filed with the Carroll County Auditor's office.

FINDING NUMBER 2015-002

**Noncompliance Citation**

Ohio Revised Code § 5705.36 and 5705.39 state total appropriations made during the fiscal year from any fund shall not exceed estimated resources. Appropriations were in excess of estimated resources at year end 2014 in the Motor Vehicle License Tax Fund, Gasoline Tax Fund and the Road & Bridge Fund in the amounts of \$12,592, \$21,256 and \$17,386 respectively.

We recommend the Township obtain an amended certificate of estimated resources prior to appropriations exceeding estimated resources or amend appropriations accordingly.

ORANGE TOWNSHIP  
CARROLL COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
December 31, 2015

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2013-001	ORC §5705.36 and 5705.39 in part requires that total appropriations from each fund should not exceed total estimated resources or obtain an increased/decreased amended certifications upon notice of increased/decreased receipts.	No	Repeated as Finding 2015-002.
2013-002	ORC §5705.40 Appropriations approved by Budget Commission doesn't match what was in the UAN system.	Yes	Finding No Longer Valid
2013-003	ORC §505.24(C) trustees must keep records of the time spent on various tasks and the fund.	Yes	Finding No Longer Valid



# Dave Yost • Auditor of State

**ORANGE TOWNSHIP**

**CARROLL 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 2, 2016**