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1907 Grand Central Ave.
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1310 Market Street, Suite 300
Wheeling, WV 26003
304.232.1358



**ORANGE TOWNSHIP
DELAWARE COUNTY
Regular Audit
For the Years Ended
December 31, 2015 and 2014**

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ORANGE TOWNSHIP
DELAWARE COUNTY

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INDEPENDENT AUDITOR'S REPORT

February 13, 2017

Orange Township
Delaware County
1680 East Orange Road
Lewis Center, Ohio 43035

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 types and related notes of **Orange Township**, Delaware 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.

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 (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, Delaware 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 1B.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 13, 2017, 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.



Perry & Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**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, 2015**

	General	Special Revenue	Capital Projects	Permanent	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$ 2,128,986	\$ 8,792,451	\$ -	\$ -	\$ 10,921,437
Charges for Services	6,450	408,935	-	-	415,385
Licenses, Permits and Fees	316,265	24,080	-	-	340,345
Intergovernmental	364,528	1,547,825	-	-	1,912,353
Earnings on Investments	75,018	681	1	2	75,702
Miscellaneous	116,183	447,165	-	-	563,348
<i>Total Cash Receipts</i>	<u>3,007,430</u>	<u>11,221,137</u>	<u>1</u>	<u>2</u>	<u>14,228,570</u>
Cash Disbursements					
Current:					
General Government	1,446,567	-	-	-	1,446,567
Public Safety	-	6,428,917	-	-	6,428,917
Public Works	389,972	348,575	-	-	738,547
Health	-	14,040	-	-	14,040
Conservation-Recreation	-	773,974	-	-	773,974
Capital Outlay	568,755	361,947	4,352	-	935,054
Debt Service:					
Principal Retirement	-	1,260,000	-	-	1,260,000
Interest and Fiscal Charges	-	48,888	-	-	48,888
<i>Total Cash Disbursements</i>	<u>2,405,294</u>	<u>9,236,341</u>	<u>4,352</u>	<u>-</u>	<u>11,645,987</u>
<i>Net Change in Fund Cash Balances</i>	602,136	1,984,796	(4,351)	2	2,582,583
<i>Fund Cash Balances, January 1 - Restated (See Note 9)</i>	<u>3,735,065</u>	<u>7,356,264</u>	<u>6,074,514</u>	<u>3,691</u>	<u>17,169,534</u>
Fund Cash Balances, December 31					
Nonspendable	-	-	-	3,693	3,693
Restricted	-	9,341,060	107,648	-	9,448,708
Committed	-	-	5,962,515	-	5,962,515
Assigned	57,738	-	-	-	57,738
Unassigned	4,279,463	-	-	-	4,279,463
<i>Fund Cash Balances, December 31</i>	<u>\$ 4,337,201</u>	<u>\$ 9,341,060</u>	<u>\$ 6,070,163</u>	<u>\$ 3,693</u>	<u>\$ 19,752,117</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, 2014**

	General	Special Revenue	Capital Projects	Permanent	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$ 1,987,500	\$ 8,460,891	\$ -	\$ -	\$ 10,448,391
Charges for Services	6,350	405,261	-	-	411,611
Licenses, Permits and Fees	201,174	23,961	-	-	225,135
Intergovernmental	284,702	1,724,517	-	-	2,009,219
Earnings on Investments	49,141	761	-	3	49,905
Miscellaneous	66,526	151,159	-	-	217,685
<i>Total Cash Receipts</i>	<u>2,595,393</u>	<u>10,766,550</u>	<u>-</u>	<u>3</u>	<u>13,361,946</u>
Cash Disbursements					
Current:					
General Government	1,360,534	-	-	-	1,360,534
Public Safety	-	6,193,765	-	-	6,193,765
Public Works	111,239	423,150	-	-	534,389
Health	-	16,593	-	-	16,593
Conservation-Recreation	-	756,934	-	-	756,934
Capital Outlay	1,408,089	1,644,399	19,999	-	3,072,487
Debt Service:					
Principal Retirement	-	1,260,000	-	-	1,260,000
Interest and Fiscal Charges	-	105,517	-	-	105,517
<i>Total Cash Disbursements</i>	<u>2,879,862</u>	<u>10,400,358</u>	<u>19,999</u>	<u>-</u>	<u>13,300,219</u>
<i>Net Change in Fund Cash Balances</i>	(284,469)	366,192	(19,999)	3	61,727
<i>Fund Cash Balances, January 1</i>	<u>4,019,434</u>	<u>6,540,087</u>	<u>6,094,512</u>	<u>3,688</u>	<u>16,657,721</u>
Fund Cash Balances, December 31					
Nonspendable	-	-	-	3,691	3,691
Restricted	-	6,906,279	107,646	-	7,013,925
Committed	-	-	5,966,867	-	5,966,867
Assigned	137,950	-	-	-	137,950
Unassigned	3,597,015	-	-	-	3,597,015
<i>Fund Cash Balances, December 31</i>	<u>\$ 3,734,965</u>	<u>\$ 6,906,279</u>	<u>\$ 6,074,513</u>	<u>\$ 3,691</u>	<u>\$ 16,719,448</u>

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

**ORANGE TOWNSHIP
DELAWARE COUNTY**
*NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED 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, 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 a public entity risk pool. Note 7 to the financial statements provides additional information for this entity. This organization is:

Public Entity Risk Pool:

The Township belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Risk Management Plan, (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members").

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

B. Basis of Presentation

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types.

Basis of Accounting

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 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

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 and U.S. Government Agencies are valued at cost. Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

**ORANGE TOWNSHIP
DELAWARE COUNTY**
*NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)*

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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:

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 Projects Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant Capital Project Funds:

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

GM/H Roundabout Improvements – This fund is used to accumulate resources to complete improvement to a roundabout.

East Orange Road #1 Improvements – This fund is used to accumulate resources to complete improvement to East Orange Road.

East Orange Road #2 Improvements – This fund is used to accumulate resources to complete improvement to East Orange Road.

West Orange Road Improvements – This fund is used to accumulate resources to complete improvement to West Orange Road.

Bale – Kenyon Road Improvements – This fund is used to accumulate resources to complete improvement to Bale and Kenyon roads.

**ORANGE TOWNSHIP
DELAWARE COUNTY**
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. 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 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 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. Nonspendable

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

**ORANGE TOWNSHIP
DELAWARE COUNTY**
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 funds 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* amount 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.

2. 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:

**ORANGE TOWNSHIP
DELAWARE COUNTY**
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)

2. DEPOSITS AND INVESTMENTS (CONTINUED)

	2015	2014
Demand Deposits	\$4,097,008	\$3,123,447
Certificates of Deposit	3,178	3,171
Money Market	2,378,277	45,503
Other Time Deposits (Savings and NOW Accounts)	10,209	10,199
Total Deposits	<u>6,488,672</u>	<u>3,182,320</u>
U.S. Treasury Notes	4,782,168	5,978,880
Municipal Bonds	908,285	-
STAR Ohio	7,572,992	7,558,248
Total Investments	<u>13,263,445</u>	<u>13,537,128</u>
 Total Deposits and Investments	 <u>\$19,752,117</u>	 <u>\$16,719,448</u>

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

Investments: The Federal Reserve holds the Township's U.S. Treasury Notes in book-entry form in the name of the Township's financial institution. The financial institution maintains records identifying the Township as owner of these securities.

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

3. BUDGETARY ACTIVITY

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

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,621,660	\$3,007,430	\$(385,770)
Special Revenue	10,096,164	11,221,137	\$(1,124,973)
Capital Projects	-	1	\$(1)
Permanent	-	2	\$(2)
Total	<u>\$12,717,824</u>	<u>\$14,228,570</u>	<u>\$(1,510,746)</u>

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,833,100	\$2,463,032	\$475,786
Special Revenue	12,528,759	9,538,067	3,780,593
Capital Projects	2,128,730	105,848	636,866
Total	<u>\$17,490,589</u>	<u>\$12,106,947</u>	<u>\$4,893,245</u>

**ORANGE TOWNSHIP
DELAWARE COUNTY**
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)

3. BUDGETARY ACTIVITY (CONTINUED)

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,390,109	\$2,595,393	\$(205,284)
Special Revenue	8,833,872	10,766,550	\$(1,932,678)
Permanent	-	3	\$(3)
Total	\$11,223,981	\$13,361,946	\$(2,137,965)

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,898,752	\$3,017,812	\$3,570,928
Special Revenue	14,780,017	10,734,672	4,613,606
Capital Projects	1,500,000	20,099	250,000
Total	\$20,178,769	\$13,772,583	\$8,434,534

Contrary to Ohio law, appropriations exceeded estimated resources in the Park and Recreation fund by \$518,450 for the year ended December 31, 2014.

4. DEBT

Debt outstanding at December 31, 2015 was as follows:

<u>Description</u>	<u>Principal</u>	<u>Interest Rate</u>
Fire Levy Tax Anticipation Note, Series 2013	\$1,260,000	1.94%

On April 23, 2013, the Township issued a \$3,780,000 fire levy tax anticipation note. The Note is a 3-year note at a 1.94% interest rate. Payments are due annually. The final payment will be made in October 2016. Amortization of the above outstanding debt, including interest, is scheduled as follows:

Tax Anticipation Note		
Payment Due:	Principal	Interest
April 2016	\$ -	\$ 12,222
October 2016	1,260,000	12,222
	\$ 1,260,000	\$ 24,444

5. 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.

**ORANGE TOWNSHIP
DELAWARE COUNTY**
*NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)*

6. DEFINED BENEFIT PENSION PLANS AND POST EMPLOYMENT BENEFITS

Ohio Public Employees Retirement System

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. 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, 2015.

Ohio Police and Fire Retirement System

Township's certified Fire Fighters and full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). OP&F 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. OP&F participants contributed 10.75% and 11.50% of their wages, for 2014 and 2015, respectively. The Township contributed to OP&F an amount equal to 24% of full-time fire fighters' wages. The Township has paid all contributions required through December 31, 2015.

Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 2 percent of the employer contribution to fund these benefits, and OP&F contributes 0.5 percent to fund these benefits.

7. RISK MANAGEMENT

Risk Pool Membership

The Township belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Government Risk Management Plan, (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides 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.

OPRM coverage programs 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. Effective November 1, 2012 (and through October 2014) the plan increased its retention to 50% of the first \$250,000 casualty treaty. Effective November 1, 2014, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty

**ORANGE TOWNSHIP
DELAWARE COUNTY**
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)

7. RISK MANAGEMENT (CONTINUED)

Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 772 and 783 members as of December 31, 2015 and 2014 respectively.

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.

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

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2015 and 2014.

	2015	2014
Assets	\$14,643,667	\$14,830,185
Liabilities	(9,112,030)	(8,942,504)
Members' Equity	\$5,531,637	\$5,887,681

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

8. CONTINGENT LIABILITIES

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.

9. RESTATEMENT OF BEGINNING FUND BALANCE

The Township made fund balance adjustments during 2015 to void checks written but not cashed timely. The adjustments had the following effects on fund balances at January 1, 2015:

	General Fund	Special Revenue Funds
Ending Fund Balance at December 31, 2014	\$ 3,734,965	\$ 6,906,279
Voided checks	100	449,985
Restated Fund Balance January 1, 2015	\$ 3,735,065	\$ 7,356,264



313 Second St.
Marietta, OH 45750
740.373.0056

1907 Grand Central Ave.
Vienna, WV 26105
304.422.2203

104 South Sugar St.
St. Clairsville, OH 43950
740.695.1569

1310 Market St., Suite 300
Wheeling, WV 26003
304.232.1358

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

February 13, 2017

Orange Township
Delaware County
1680 East Orange Road
Lewis Center, Ohio 43035

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 **Orange Township**, Delaware 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 February 13, 2017, 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 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.

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. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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 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 February 13, 2017.

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.



Perry & Associates
Certified Public Accountants, A.C.
Marietta, Ohio