



**ORANGE TOWNSHIP
ASHLAND COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000-1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

ORANGE TOWNSHIP
ASHLAND COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Orange Township
Ashland County
835 Township Road 1101
Ashland, Ohio 44805

To the Board of Trustees:

We have audited the accompanying financial statements of Orange Township, Ashland County, Ohio, (the Township) as of and for the years ended December 31, 2000 and 1999. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Township as of December 31, 2000 and 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 6, 2001 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

This report is intended solely for the information and use of management, the Board of Trustees and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

April 6, 2001

**ORANGE TOWNSHIP
ASHLAND COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Expendable Trust</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:					
Local Taxes	\$51,930	\$122,343	\$0	\$0	\$174,273
Intergovernmental	80,207	83,486			163,693
Licenses, Permits and Fees	1,655	6,101			7,756
Earnings on Investments	6,074	74		954	7,102
Miscellaneous	4,887	1,625			6,512
Total Cash Receipts	<u>144,753</u>	<u>213,629</u>	<u>0</u>	<u>954</u>	<u>359,336</u>
Cash Disbursements:					
Current:					
General Government	53,750	43,462			97,212
Public Works	43,017	180,071			223,088
Health	1,849	2,336			4,185
Capital Outlay		9,213			9,213
Debt Service:					
Redemption of Principal			6,250		6,250
Interest and Fiscal Charges			1,132		1,132
Total Cash Disbursements	<u>98,616</u>	<u>235,082</u>	<u>7,382</u>	<u>0</u>	<u>341,080</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>46,137</u>	<u>(21,453)</u>	<u>(7,382)</u>	<u>954</u>	<u>18,256</u>
Other Financing Receipts/(Disbursements):					
Transfers-In		25,600	7,357		32,957
Transfers-Out	(32,957)				(32,957)
Advances-In	7,000	9,500			16,500
Advances-Out	(9,500)	(7,000)			(16,500)
Total Other Financing Receipts/(Disbursements)	<u>(35,457)</u>	<u>28,100</u>	<u>7,357</u>	<u>0</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>10,680</u>	<u>6,647</u>	<u>(25)</u>	<u>954</u>	<u>18,256</u>
Fund Cash Balances, January 1	<u>40,749</u>	<u>66,729</u>	<u>25</u>	<u>12,947</u>	<u>120,450</u>
Fund Cash Balances, December 31	<u>\$51,429</u>	<u>\$73,376</u>	<u>\$0</u>	<u>\$13,901</u>	<u>\$138,706</u>
Reserves for Encumbrances, December 31	<u>\$1,055</u>	<u>\$1,795</u>	<u>\$0</u>	<u>\$0</u>	<u>\$2,850</u>

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

ORANGE TOWNSHIP
ASHLAND COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 1999**

	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	Totals (Memorandum Only)
Cash Receipts:						
Local Taxes	\$42,723	\$117,752	\$0	\$0	\$0	\$160,475
Special Assessments	1,713					1,713
Intergovernmental	57,577	83,145				140,722
Licenses, Permits and Fees	1,700	7,773				9,473
Earnings on Investments	1,757	501			826	3,084
Miscellaneous	3,626	3,000				6,626
Total Cash Receipts	109,096	212,171	0	0	826	322,093
Cash Disbursements:						
Current:						
General Government	53,290	42,877				96,167
Public Works	32,681	158,865				191,546
Conservation - Recreation	479					479
Health	1,352	3,412				4,764
Capital Outlay	1,300	29,455		25,095		55,850
Total Cash Disbursements	89,102	234,609	0	25,095	0	348,806
Total Cash Receipts Over/(Under) Cash Disbursements	19,994	(22,438)	0	(25,095)	826	(26,713)
Other Financing Receipts/(Disbursements):						
Proceeds of Notes		25,000				25,000
Advances-In	6,000	6,000				12,000
Advances-Out	(6,000)	(6,000)				(12,000)
Total Other Financing Receipts/(Disbursements)	0	25,000	0	0	0	25,000
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	19,994	2,562	0	(25,095)	826	(1,713)
Fund Cash Balances, January 1	20,755	64,167	25	25,095	12,121	122,163
Fund Cash Balances, December 31	\$40,749	\$66,729	\$25	\$0	\$12,947	\$120,450
Reserves for Encumbrances, December 31	\$767	\$3,901	\$0	\$0	\$0	\$4,668

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

**ORANGE TOWNSHIP
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Orange Township, Ashland County, Ohio, (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides general governmental services, including road maintenance, recreation facilities, fire protection and emergency medical services for its residents. Fire protection is provided by a contract with the Orange Fire Company. The Township contracts with the City of Ashland to provide emergency and non-emergency medical services.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and cash disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 prescribed or permitted by the Auditor of State.

C. Cash and Investments

The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer. Investments are reported as part of the cash fund balances. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

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 is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

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

**ORANGE TOWNSHIP
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

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

3. Debt Service Fund

The Debt Service Fund is used to accumulate resources for the payment of bonds and note indebtedness. The Township had the following significant Debt Service Fund:

General Note Retirement Fund - This fund receives transfers from the General Fund that are used for the retirement of debt relating to the purchase of a tractor-mower.

4. Capital Projects Fund

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through trust funds). The Township had the following significant Capital Projects Fund:

Capital Improvement Fund - This fund receives transfers from the General Fund that are used for the purchase of Township equipment.

5. Fiduciary Fund (Trust Fund)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Township maintain the corpus of the trust, the fund is classified as a Nonexpendable Trust Fund. Other trust funds are classified as Expendable Trust Funds. The Township had the following significant Expendable Trust Fund:

Cemetery Bequest Fund - This fund receives donations and interest earned on investments to be used for the maintenance of the 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. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

**ORANGE TOWNSHIP
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2000 and 1999 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Township.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>2000</u>	<u>1999</u>
Demand deposits	\$29,860	\$26,900
Investments (STAR Ohio)	<u>108,846</u>	<u>93,550</u>
Total deposits and Investments	<u><u>\$138,706</u></u>	<u><u>\$120,450</u></u>

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

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

**ORANGE TOWNSHIP
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2000 and 1999 follows:

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 120,096	\$ 151,753	\$ 31,657
Special Revenue	273,994	248,729	(25,265)
Debt Service	7,383	7,357	(26)
Expendable Trust	2,869	954	(1,915)
Total	<u>\$ 404,342</u>	<u>\$ 408,793</u>	<u>\$ 4,451</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 160,845	\$ 142,128	\$ 18,717
Special Revenue	340,723	243,877	96,846
Debt Service	7,382	7,382	0
Expendable Trust	15,816	0	15,816
Total	<u>\$ 524,766</u>	<u>\$ 393,387</u>	<u>\$ 131,379</u>

1999 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 97,051	\$ 115,096	\$ 18,045
Special Revenue	242,731	243,171	440
Debt Service	0	0	0
Capital Projects	0	0	0
Expendable Trust	669	826	157
Total	<u>\$ 340,451</u>	<u>\$ 359,093</u>	<u>\$ 18,642</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 117,807	\$ 95,869	\$ 21,938
Special Revenue	306,899	244,510	62,389
Debt Service	25	0	25
Capital Projects	25,095	25,095	0
Expendable Trust	12,791	0	12,791
Total	<u>\$ 462,617</u>	<u>\$ 365,474</u>	<u>\$ 97,143</u>

**ORANGE TOWNSHIP
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

- Contrary to Ohio Rev. Code Section 5705.41(D), the Township did not certify the availability of funds for certain expenditures during 2000 and 1999.

4. PROPERTY TAX

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

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

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

5. DEBT

Debt outstanding at December 31, 2000 was as follows:

	Principal	Interest Rate
General Obligation Note	\$ 18,750	5.05%

The general obligation note was issued to finance the purchase of a new tractor-mower to be used for Township maintenance.

Amortization of the above debt, including interest, is scheduled as follows:

Year Ending December 31	General Obligation Note
2001	\$ 7,197
2002	6,881
2003	6,566
Total	\$ 20,644

**ORANGE TOWNSHIP
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

6. RETIREMENT SYSTEM

All Township employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including post retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2000 and 1999, members of PERS contributed 8.5% of their gross salaries. The Township contributed an amount equal to 10.84% in 2000 and 13.55% in 1999 of participants' gross salaries. The Township has paid all contributions required through December 31, 2000.

7. RISK MANAGEMENT

The Township has obtained commercial insurance through Westfield Companies and the Personal Service Insurance Company for the following risks:

- Comprehensive property and general liability
- Vehicles
- Commercial inland marine
- Public officials' liability
- Employers' liability
- Employee benefits liability

The Township also provides cancer insurance for full-time employees and officials who wish to participate through National Travelers Life Company.



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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Orange Township
Ashland County
835 Township Road 1101
Ashland, Ohio 44805

To the Board of Trustees:

We have audited the accompanying financial statements of Orange Township, Ashland County, Ohio, (the Township) as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated April 6, 2001. We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2000-40503-001.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted certain matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated April 6, 2001.

Orange Township
Ashland County
Report of Independent Accountants on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

This report is intended for the information and use of management and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

April 6, 2001

ORANGE TOWNSHIP
ASHLAND COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999

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

FINDING NUMBER 2000-40503-001

Noncompliance Citation

Ohio Rev. Code Section 5705.41 (D), provides that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the subdivision's fiscal officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

This section also provides for two exceptions to the above requirements:

1. Then and Now Certificates - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Board of Trustees may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate.
2. If the amount involved is less than \$1,000, the Clerk may authorize payment through a Then and Now Certificate without affirmation of the Board of Trustees, if such expenditure is otherwise valid.

During the audit period, 11 out of the 60 expenditures tested were not certified by the Clerk prior to incurring the obligation. It was also found that neither of the two certification exceptions detailed above was utilized for the items found to be in non-compliance.

The Township should certify all expenditures prior to the commitment or implement the use of so called Then and Now certificates and Blanket Certificates as further means to certify funds pursuant to Ohio Rev. Code Section 5705.41.



STATE OF OHIO
OFFICE OF THE AUDITOR

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ORANGE TOWNSHIP

ASHLAND 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
MAY 10, 2001**