



**Auditor of State
Betty Montgomery**

ORANGE TOWNSHIP
DELAWARE COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types and Non-Expendable Trust Fund - For the Year Ended December 31, 2003.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types and Non-Expendable Trust Fund - For the Year Ended December 31, 2002.....	4
Notes to the Financial Statements	5
Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	11

THIS PAGE INTENTIONALLY LEFT BLANK



**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Orange Township
Delaware County
1680 East Orange Rd.
Lewis Center, Ohio 43035-9502

To the Board of Trustees:

We have audited the accompanying financial statements of Orange Township, Delaware County, Ohio, (the Township) as of and for the years ended December 31, 2003, and December 31, 2002. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit 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.

The Township's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the Township because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity because Ohio Revised Code §117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§117.11(B) and 115.56 mandates the Auditor of State to audit Ohio governments.

We believe that our audit provides 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 accounting principles generally accepted in the United States of America.

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 Orange Township, Delaware County, Ohio, as of December 31, 2003, and December 31, 2002, 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 February 25, 2005, 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 audit.

This report is intended solely for the information and use of the 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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

February 25, 2005

**ORANGE TOWNSHIP
DELAWARE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES AND NON-EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2003**

	Governmental Fund Types			Fiduciary Funds	Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Non-Expendable Trust	
Cash Receipts:					
Local Taxes	\$1,218,923	\$4,859,525	\$0	\$0	\$6,078,448
Intergovernmental	402,726	712,761	0	0	1,115,487
Charges for Services	0	124,838	0	0	124,838
Licenses, Permits, and Fees	283,477	6,333	0	0	289,810
Earnings on Investments	127,102	1,875	0	86	129,063
Other Revenue	23,989	60,135	0	0	84,124
Total Cash Receipts	2,056,217	5,765,467	0	86	7,821,770
Cash Disbursements:					
Current:					
General Government	703,528	6,016	0	0	709,544
Public Safety	0	2,220,333	0	0	2,220,333
Public Works	116,976	216,820	0	0	333,796
Health	32,081	8,095	0	0	40,176
Conservation - Recreation	0	195,500	0	0	195,500
Capital Outlay	84,639	4,369,485	609,815	0	5,063,939
Total Cash Disbursements	937,224	7,016,249	609,815	0	8,563,288
Total Receipts Over/(Under) Disbursements	1,118,993	(1,250,782)	(609,815)	86	(741,518)
Other Financing Receipts and (Disbursements):					
Proceeds from Sale of Public Debt:					
Sale of Notes	0	0	1,700,000	0	1,700,000
Transfers-In	5,230	0	0	0	5,230
Advances-In	0	0	100,548	0	100,548
Transfers-Out	0	(5,230)	0	0	(5,230)
Advances-Out	(100,548)	0	0	0	(100,548)
Other Uses	(14)	0	0	0	(14)
Total Other Financing Receipts/(Disbursements)	(95,332)	(5,230)	1,800,548	0	1,699,986
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	1,023,661	(1,256,012)	1,190,733	86	958,468
Fund Cash Balances, January 1	2,901,612	6,158,800	108,845	3,434	9,172,691
Fund Cash Balances, December 31	\$3,925,273	\$4,902,788	\$1,299,578	\$3,520	\$10,131,159
Reserve for Encumbrances, December 31	\$64,825	\$2,192,651	\$876,099	\$0	\$3,133,575

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

**ORANGE TOWNSHIP
DELAWARE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES AND NON-EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2002**

	Governmental Fund Types			Fiduciary Funds	Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Non- Expendable Trust	
Cash Receipts:					
Local Taxes	\$967,562	\$4,261,382	\$0	\$0	\$5,228,944
Intergovernmental	189,961	616,443	0	0	806,404
Licenses, Permits, and Fees	258,151	4,856	0	0	263,007
Earnings on Investments	199,004	3,909	0	127	203,040
Other Revenue	52,867	25,351	0	0	78,218
	<u>1,667,545</u>	<u>4,911,941</u>	<u>0</u>	<u>127</u>	<u>6,579,613</u>
Total Cash Receipts					
	<u>1,667,545</u>	<u>4,911,941</u>	<u>0</u>	<u>127</u>	<u>6,579,613</u>
Cash Disbursements:					
Current:					
General Government	671,082	0	0	0	671,082
Public Safety	3,654	1,934,898	0	0	1,938,552
Public Works	89,575	258,660	0	0	348,235
Health	30,158	13,821	0	0	43,979
Conservation - Recreation	0	114,306	0	0	114,306
Capital Outlay	10,668	762,654	132,298	0	905,620
	<u>805,137</u>	<u>3,084,339</u>	<u>132,298</u>	<u>0</u>	<u>4,021,774</u>
Total Cash Disbursements					
	<u>805,137</u>	<u>3,084,339</u>	<u>132,298</u>	<u>0</u>	<u>4,021,774</u>
Total Receipts Over/(Under) Disbursements	<u>862,408</u>	<u>1,827,602</u>	<u>(132,298)</u>	<u>127</u>	<u>2,557,839</u>
Other Financing Receipts and (Disbursements):					
Transfers-In	0	10,000	98,326	0	108,326
Transfers-Out	(108,326)	0	0	0	(108,326)
	<u>(108,326)</u>	<u>10,000</u>	<u>98,326</u>	<u>0</u>	<u>0</u>
Total Other Financing Receipts/(Disbursements)					
	<u>(108,326)</u>	<u>10,000</u>	<u>98,326</u>	<u>0</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>754,082</u>	<u>1,837,602</u>	<u>(33,972)</u>	<u>127</u>	<u>2,557,839</u>
Fund Cash Balances, January 1	<u>2,147,530</u>	<u>4,321,198</u>	<u>142,817</u>	<u>3,307</u>	<u>6,614,852</u>
Fund Cash Balances, December 31	<u><u>\$2,901,612</u></u>	<u><u>\$6,158,800</u></u>	<u><u>\$108,845</u></u>	<u><u>\$3,434</u></u>	<u><u>\$9,172,691</u></u>
Reserve for Encumbrances, December 31	<u><u>\$0</u></u>	<u><u>\$1,471,925</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$1,471,925</u></u>

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

**ORANGE TOWNSHIP
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Orange Township, Delaware 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 road and bridge maintenance, conservation and recreation services, cemetery maintenance, fire protection and 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 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

Investments are reported as assets. 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.

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

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.

**ORANGE TOWNSHIP
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

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:

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

Permanent Improvement Fund (Parks and Recreation) – This fund received general obligation note proceeds to construct and improve a park cite.

4. Fiduciary Fund (Non-Expendable Trust Fund)

This fund is used to account for resources restricted by a legally binding trust agreement. The Township had the following significant Fiduciary Fund:

Cemetery Bequest Fund – Interest derived from the corpus of this fund is used for cemetery upkeep.

E. Budgetary Process

The Ohio Revised Code requires that each fund be (except certain agency funds) 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
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(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 individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2003 and 2002 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's basis of accounting.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Township maintains a cash and investments 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:

	2003	2002
Demand deposits	\$2,293,863	\$216,240
Certificates of deposit	752,757	1,252,757
Total deposits	3,046,620	1,468,997
STAR Ohio	7,084,539	7,703,694
Total deposits and investments	\$10,131,159	\$9,172,691

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

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

**ORANGE TOWNSHIP
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2003 and 2002 follows:

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,040,308	\$2,061,447	\$21,139
Special Revenue	6,764,119	5,765,467	(998,652)
Capital Projects	0	1,700,000	1,700,000
Non Expendable	86	86	0
Total	\$8,804,513	\$9,527,000	\$722,487

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,262,059	\$1,002,063	\$259,996
Special Revenue	10,944,340	9,214,130	1,730,210
Capital Projects	1,945,453	1,485,914	459,539
Total	\$14,151,852	\$11,702,107	\$2,449,745

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,735,523	\$1,667,545	(\$67,978)
Special Revenue	4,645,236	4,921,941	276,705
Capital Projects	0	98,326	98,326
Non Expendable	150	127	(23)
Total	\$6,380,909	\$6,687,939	\$307,030

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,079,428	\$913,463	\$1,165,965
Special Revenue	5,697,783	4,556,264	1,141,519
Capital Projects	141,500	132,298	9,202
Total	\$7,918,711	\$5,602,025	\$2,316,686

**ORANGE TOWNSHIP
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

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, 2003 was as follows:

	Principal	Interest Rate
General Obligation Note	\$1,700,000	3%

The general obligation note was issued on November 6, 2003 to finance construction and site improvements to the Township Park. The Township is to make semi-annual payments through November 6, 2006. The note is collateralized solely by the Township's taxing authority.

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

	Principal	Interest	General Obligation Note
Year ending December 31:			
2004	\$566,667	\$51,000	\$617,667
2005	566,667	34,000	600,667
2006	566,666	17,000	583,666
Total	\$1,700,000	\$102,000	\$1,802,000

6. RETIREMENT SYSTEMS

The Township's certified Fire Fighters belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Public Employees Retirement System (PERS) of Ohio. OP&F and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement 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 2003 and 2002, members of OP&F participants contributed 10% of their wages. The Township contributed an amount equal to 24% of their wages to OP&F. PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2003 and 2002. The Township has paid all contributions required through December 31, 2003.

**ORANGE TOWNSHIP
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

7. RISK MANAGEMENT

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.



Auditor of State Betty Montgomery

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

Orange Township
Delaware County
1680 East Orange Rd.
Lewis Center, Ohio 43035-9502

To the Board of Trustees:

We have audited the accompanying financial statements of Orange Township, Delaware County, Ohio (the Township) as of and for the years ended December 31, 2003, and December 31, 2002, and have issued our report thereon dated February 25, 2005, wherein we noted that the Township's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the Township because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 tested its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that we must report under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated February 25, 2005.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting 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.

35 N. Fourth St. / Second Floor / Columbus, OH 43215
Telephone: (614) 466-3402 (800) 443-9275 Fax: (614) 728-7199
www.auditor.state.oh.us

However, we noted a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to the Township's management in a separate letter dated February 25, 2005.

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

February 25, 2005



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

**ORANGE TOWNSHIP
DELAWARE COUNTY**

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 24, 2005**