



**ORANGE TOWNSHIP  
MEIGS COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2001 - 2000**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**ORANGE TOWNSHIP  
MEIGS COUNTY**

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**STATE OF OHIO  
OFFICE OF THE AUDITOR**

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**REPORT OF INDEPENDENT ACCOUNTANTS**

Orange Township  
Meigs County  
41520 Keebaugh/Follrod  
Pomeroy, Ohio 45769

To the Board of Trustees:

We have audited the accompanying financial statements of Orange Township, Meigs County, Ohio (the Township), as of and for the years ended December 31, 2001 and 2000. 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. 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 generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Orange Township, Meigs County, as of December 31, 2001 and 2000, 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 March 11, 2002, 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 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

March 11, 2002

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**ORANGE TOWNSHIP  
MEIGS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Local Taxes	\$7,763	\$18,616	\$26,379
Intergovernmental	30,924	71,391	102,315
Earnings on Investments	588	873	1,461
Other Revenue	824		824
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	40,099	90,880	130,979
<b>Cash Disbursements:</b>			
Current:			
General Government	17,731	2,160	19,891
Public Safety	300	14,041	14,341
Public Works	21,122	64,383	85,505
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	39,153	80,584	119,737
Total Cash Receipts Over/(Under) Cash Disbursements	<hr/>	<hr/>	<hr/>
	946	10,296	11,242
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>
	34,071	45,968	80,039
<b>Fund Cash Balances, December 31</b>	<hr/>	<hr/>	<hr/>
	<b>\$35,017</b>	<b>\$56,264</b>	<b>\$91,281</b>

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

**ORANGE TOWNSHIP  
MEIGS COUNTY**

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

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Local Taxes	\$7,913	\$17,820	\$25,733
Intergovernmental	24,543	88,874	113,417
Earnings on Investments	719	1,363	2,082
	<u>33,175</u>	<u>108,057</u>	<u>141,232</u>
<b>Cash Disbursements:</b>			
Current:			
General Government	15,035	3,152	18,187
Public Safety	300	13,756	14,056
Public Works	14,303	101,535	115,838
	<u>29,638</u>	<u>118,443</u>	<u>148,081</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>3,537</u>	<u>(10,386)</u>	<u>(6,849)</u>
<b>Other Financing Sources/(Uses):</b>			
Sale of Fixed Assets	200	1,080	1,280
Transfers-In		24,774	24,774
Transfers-Out		(24,774)	(24,774)
	<u>200</u>	<u>1,080</u>	<u>1,280</u>
Excess of Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements and Other Financing Uses	<u>3,737</u>	<u>(9,306)</u>	<u>(5,569)</u>
Fund Cash Balances, January 1	<u>30,334</u>	<u>55,274</u>	<u>85,608</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$34,071</u></b>	<b><u>\$45,968</u></b>	<b><u>\$80,039</u></b>

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



**ORANGE TOWNSHIP  
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Orange Township, Meigs County (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 and a publicly-elected Clerk. The Township provides general governmental services including road and bridge maintenance (public works) and fire protection (public safety).

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.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**C. Cash and Investments**

Cash accounts are valued at cost. The Township had no investments 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 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 that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Fund:

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

**ORANGE TOWNSHIP  
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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. Appropriations lapse at year end.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash balances 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 canceled, and reappropriated in the subsequent year.

A summary of 2001 and 2000 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.

**2. EQUITY IN POOLED CASH**

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

	<u><b>2001</b></u>	<u><b>2000</b></u>
Demand Deposits	<u>\$91,281</u>	<u>\$80,039</u>

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

**ORANGE TOWNSHIP  
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2001 and 2000, follows:

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 27,283	\$ 40,099	\$ 12,816
Special Revenue	<u>79,105</u>	<u>90,880</u>	<u>11,775</u>
Total	<u>\$ 106,388</u>	<u>\$ 130,979</u>	<u>\$ 24,591</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 61,355	\$ 39,153	\$ 22,202
Special Revenue	<u>126,187</u>	<u>80,584</u>	<u>45,603</u>
Total	<u>\$ 187,542</u>	<u>\$ 119,737</u>	<u>\$ 67,805</u>

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 26,354	\$ 33,375	\$ 7,021
Special Revenue	<u>131,461</u>	<u>133,911</u>	<u>2,450</u>
Total	<u>\$ 157,815</u>	<u>\$ 167,286</u>	<u>\$ 9,471</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 56,689	\$ 29,638	\$ 27,051
Special Revenue	<u>188,912</u>	<u>143,217</u>	<u>45,695</u>
Total	<u>\$ 245,601</u>	<u>\$ 172,855</u>	<u>\$ 72,746</u>

**ORANGE TOWNSHIP  
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by 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 payment, 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 in the Township.

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. RETIREMENT SYSTEM**

The Township's elected officials and employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. The plan provides 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 2001 and 2000, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13% effective July 1, 2000 through December 31, 2000. The Township has paid all contributions required through December 31, 2001.

**6. RISK POOL MEMBERSHIP**

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 insurance for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). 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 Insurance

OTARMA retains casualty risks up to \$250,000 per claim. Claims exceeding \$250,000 are reinsured with APEEP up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000, from the General Reinsurance Corporation.

If losses exhaust OTARMA's retained earnings, APEEP covers OTARMA losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

ORANGE TOWNSHIP  
MEIGS COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)

6. RISK POOL MEMBERSHIP (Continued)

Property Insurance

OTARMA retains property risks including automobile physical damage up to \$100,000 on any specific loss. The Travelers Indemnity Company reinsures specific losses exceeding \$100,000. The Travelers Indemnity Company also provides aggregate excess coverage for property including automobile physical damage subject to an annual stop loss. When the stop loss is reached in any year, The Travelers Indemnity Company provides coverage in excess of \$10,000.

The aforementioned casualty and property reinsurance agreements do 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:

<u>Casualty Coverage</u>	<u>2000</u>	<u>1999</u>
<u>Assets</u>	<u>\$22,684,383</u>	<u>\$18,172,222</u>
<u>Liabilities</u>	<u>8,924,977</u>	<u>5,947,013</u>
<u>Retained earnings</u>	<u>\$13,759,406</u>	<u>\$12,225,209</u>

<u>Property Coverage</u>	<u>2000</u>	<u>1999</u>
<u>Assets</u>	<u>\$4,156,784</u>	<u>\$3,544,437</u>
<u>Liabilities</u>	<u>497,831</u>	<u>674,752</u>
<u>Retained earnings</u>	<u>\$3,658,953</u>	<u>\$2,869,685</u>

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

Orange Township  
Meigs County  
41520 Keebaugh/Follrod  
Pomeroy, Ohio 45769

To the Board of Trustees:

We have audited the accompanying financial statements of Orange Township, Meigs County, Ohio (the Township), as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated March 11, 2002. 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 statement is 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 audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, 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 statement 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 a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Township in a separate letter dated March 11, 2002.

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

This report is intended solely 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

March 11, 2002



ORANGE TOWNSHIP  
MEIGS COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2001 AND 2000

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
1999-40753-001	Ohio Revised Code Section 507.09(A)(3) -Clerk was overcompensated	Yes	
1999-40753-002	Ohio Revised Code Section 505.24(B)(3) - Trustee was overcompensated	Yes	
1999-40753-003	Ohio Revised Code Section 505.24(B)(3) -Trustee was overcompensated	Yes	





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**ORANGE TOWNSHIP**

**MEIGS COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
APRIL 16, 2002**