

**ORANGE TOWNSHIP**

DAYTON REGION, SHELBY COUNTY

**REGULAR AUDIT**

FOR THE YEARS ENDED DECEMBER 31, 2006 - 2005





# Mary Taylor, CPA

Auditor of State

Board of Trustees  
Orange Township  
1801 Bulle Road  
Sidney, Ohio 45365

We have reviewed the *Independent Accountants' Report* of Orange Township, Shelby County, prepared by Manning & Associates CPAs, LLC, for the audit period January 1, 2005 through December 31, 2006. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Accountants' Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Accountants' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Orange Township is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

February 28, 2008

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**ORANGE TOWNSHIP  
SHELBY COUNTY**

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**MANNING & ASSOCIATES CPAS, LLC  
6105 NORTH DIXIE DRIVE  
DAYTON, OHIO 45414**

**INDEPENDENT ACCOUNTANTS' REPORT**

Orange Township  
Shelby County  
1801 Bulle Road  
Sidney, Ohio 45365

To the Board of Trustees:

We have audited the accompanying financial statements of Orange Township, Shelby County, (the Township), as of and for the years ended December 31, 2006 and 2005. 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 described more fully in Note 1, the Township has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP requires presenting entity wide statements and also presenting the Township's larger (i.e major) funds separately. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require townships to reformat their statements. The Township has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2006 and 2005, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2006 and 2005, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Orange Township, Shelby County, as of December 31, 2006 and 2005, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 4, 2007, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Manning & Associates CPAs, LLC  
Dayton, Ohio

December 4, 2007



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**ORANGE TOWNSHIP  
SHELBY COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2006

	<b>GOVERNMENTAL FUND TYPES</b>		
	<b>General</b>	<b>Special Revenue</b>	<b>Total (Memorandum Only)</b>
<b>Cash Receipts:</b>			
Taxes	\$ 7,429	\$ 54,010	\$ 61,439
Intergovernmental Receipts	41,640	99,778	141,418
Licenses, Permits and Fees	1,175	0	1,175
Special Assessments	0	1,414	1,414
Earnings on Investments	2,543	5,500	8,043
Miscellaneous	160	165	325
<b>Total Cash Receipts</b>	<b>52,947</b>	<b>160,867</b>	<b>213,814</b>
<b>Cash Disbursements:</b>			
Current:			
General Government	41,911	0	41,911
Public Safety	6,392	17,404	23,796
Public Works	0	78,063	78,063
Health	8,108	0	8,108
Capital Outlay	0	82,874	82,874
<b>Total Cash Disbursements</b>	<b>56,411</b>	<b>178,341</b>	<b>234,752</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>(3,464)</b>	<b>(17,474)</b>	<b>(20,938)</b>
<b>Other Financing Receipts/Disbursements</b>			
Sale of Fixed Assets	0	4,020	4,020
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>0</b>	<b>4,020</b>	<b>4,020</b>
Other Financing Disbursements	(3,464)	(13,454)	(16,918)
<b>Fund Cash Balances, January 1</b>	<b>27,973</b>	<b>133,724</b>	<b>161,697</b>
<b>Fund Cash Balances, December 31</b>	<b>\$ 24,509</b>	<b>\$ 120,270</b>	<b>\$ 144,779</b>

The Notes to the Financial Statements are an integral part of this statement.

**ORANGE TOWNSHIP  
SHELBY COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2005

	<b>GOVERNMENTAL FUND TYPES</b>		
	<b>General</b>	<b>Special Revenue</b>	<b>Total (Memorandum Only)</b>
<b>Cash Receipts:</b>			
Taxes	\$ 6,993	\$ 51,886	\$ 58,879
Intergovernmental Receipts	21,757	82,221	103,978
Licenses, Permits and Fees	1,000	0	1,000
Special Assessments	0	1,189	1,189
Earnings on Investments	1,763	2,390	4,153
Miscellaneous	309	0	309
<b>Total Cash Receipts</b>	<b>31,822</b>	<b>137,686</b>	<b>169,508</b>
<b>Cash Disbursements:</b>			
Current:			
General Government	32,415	0	32,415
Public Safety	7,279	29,046	36,325
Public Works	0	74,810	74,810
Health	7,375	0	7,375
Capital Outlay	2,822	19,383	22,205
<b>Total Cash Disbursements</b>	<b>49,891</b>	<b>123,239</b>	<b>173,130</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>(18,069)</b>	<b>14,447</b>	<b>(3,622)</b>
<b>Other Financing Receipts/Disbursements</b>			
Sale of Fixed Assets	100	0	100
Transfers-In	0	200	200
Transfers-Out	(200)	0	(200)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>(100)</b>	<b>200</b>	<b>100</b>
<b>Other Financing Disbursements</b>	<b>(18,169)</b>	<b>14,647</b>	<b>(3,522)</b>
<b>Fund Cash Balances, January 1</b>	<b>46,142</b>	<b>119,077</b>	<b>165,219</b>
<b>Fund Cash Balances, December 31</b>	<b>\$ 27,973</b>	<b>\$ 133,724</b>	<b>\$ 161,697</b>

The Notes to the Financial Statements are an integral part of this statement.

**ORANGE TOWNSHIP  
SHELBY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

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**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, Shelby County, Ohio (the Township), as a body corporate and politic. A publicly-elected three-member Board of Township Trustees directs the Township. The Township provides road and bridge maintenance, and contracts with the City of Sidney to provide fire protection services and the Fletcher-Brown Township EMS, City of Sidney Fire, and Houston Rescue Squad to provide 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 the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements. 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 Auditor of State prescribes or permits.

**C. Cash 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.

**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 reports all financial resources except those required to be accounted for in another fund.

**ORANGE TOWNSHIP  
SHELBY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

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**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:

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

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

**Motor Vehicle License Tax Fund** – This fund receives license tax money to pay for constructing, maintaining, and repairing Township roads.

**E. Budgetary Process**

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

**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.

**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.

**ORANGE TOWNSHIP  
SHELBY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

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

**E. Budgetary Process** (Continued)

**Encumbrances**

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year-end are cancelled, and reappropriated in the subsequent year.

A summary of 2006 and 2005 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

The Township records disbursements for acquisitions of property, plant and equipment when paid. These accompanying financial statements do not report these items as assets.

**2. EQUITY IN POOLED CASH AND DEPOSITS**

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

	<u>2006</u>	<u>2005</u>
Demand Deposits	<u>\$144,779</u>	<u>\$161,697</u>

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

**ORANGE TOWNSHIP  
SHELBY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

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**3. BUDGETARY ACTIVITY**

Budgetary activity for the year ending December 31, 2006 was as follows:

**2006 Budgeted vs. Actual Receipts**

<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$ 29,000	\$ 52,947	\$ 23,947
Special Revenue	142,215	164,887	22,672
Total	<u>\$ 171,215</u>	<u>\$ 217,834</u>	<u>\$ 46,619</u>

**2006 Budgeted vs. Actual Budgetary Basis Expenditures**

<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$ 56,974	\$ 56,411	\$ 563
Special Revenue	272,189	178,341	93,848
Total	<u>\$ 329,163</u>	<u>\$ 234,752</u>	<u>\$ 94,411</u>

Budgetary activity for the year ending December 31, 2005 was as follows:

**2005 Budgeted vs. Actual Receipts**

<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$ 50,000	\$ 31,922	\$ (18,078)
Special Revenue	141,431	137,886	(3,545)
Total	<u>\$ 191,431</u>	<u>\$ 169,808</u>	<u>\$ (21,623)</u>

**2005 Budgeted vs. Actual Budgetary Basis Expenditures**

<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$ 96,143	\$ 50,091	\$ 46,052
Special Revenue	260,508	123,239	137,269
Total	<u>\$ 356,651</u>	<u>\$ 173,330</u>	<u>\$ 183,321</u>

Contrary to Ohio law, budgeted receipts exceeded actual receipts in 2005 for the General fund and Gasoline Fund by \$18,078 and \$1,356, respectively. ORC. 5705.36 allows subdivision to request increase/decrease amended certificates upon determination revenue will be less than certificate of estimated resources.

**ORANGE TOWNSHIP  
SHELBY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

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**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopt 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 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 within 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 SYSTEMS**

The Township's elected officials and employees belong to the Ohio Public Employees Retirement System (OPERS) of Ohio. OPERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

OPERS members contributed 9% and 8.5% of their gross salaries for 2006 and 2005, respectively. The Township contributes an amount equal to 13.7% and 13.55% of participants' gross salaries for 2006 and 2005, respectively. The Township has paid all contributions required through December 31, 2006.

**6. CAPITAL LEASES**

The Township entered into a lease agreement for the lease/purchase of a 2006 dump truck with snowblade. Lease payments are due annually in the amount of \$19,393, including interest at 6.43%. Final lease payment is due October 27, 2009. Future minimum lease payments are as follows:

<u>Year Ending</u>	<u>Payment</u>
2007	\$ 19,393
2008	19,393
2009	<u>19,393</u>
Total minimum Lease Payments	\$ 58,179
Less amount representing interest	<u>(6,751)</u>
Present Value of Lease Payments	<u>\$ 51,428</u>

Under the basis of accounting utilized by the Township, the capital assets are not reflected on the financial statements.



**ORANGE TOWNSHIP  
SHELBY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

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**7. RISK MANAGEMENT**

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. 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 Coverage** - For an occurrence prior to January 1, 2006 OTARMA retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence, including loss adjustment expenses. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with OTARMA.

If losses exhaust OTARMA's retained earnings, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (for claims prior to January 1, 2006) or \$3,000,000 (for claims on or after January 1, 2006) as noted above.

**Property Coverage** - Through 2004, OTARMA retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500 million per occurrence.

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2006 was \$1,901,127.

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.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

**ORANGE TOWNSHIP  
SHELBY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

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**8. RISK MANAGEMENT** (Continued)

**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, 2006 and 2005:

<u>Casualty Coverage</u>	<u>2006</u>	<u>2005</u>
Assets	\$32,031,312	\$30,485,638
Liabilities	<u>(11,443,952)</u>	<u>(12,344,576)</u>
Retained Earnings	<u>\$20,587,360</u>	<u>\$18,141,062</u>
<u>Property Coverage</u>	<u>2006</u>	<u>2005</u>
Assets	\$10,010,963	\$9,177,796
Liabilities	<u>(676,709)</u>	<u>(1,406,031)</u>
Retained Earnings	<u>\$9,334,254</u>	<u>\$7,771,765</u>

**MANNING & ASSOCIATES CPAS, LLC  
6105 NORTH DIXIE DRIVE  
DAYTON, OHIO 45414**

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

Orange Township  
Shelby County  
8347 State Route 705  
Sidney, Ohio 45365

To the Board of Trustees:

We have audited the financial statements of the Orange Township, Shelby County, (the Township) as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated December 4, 2007, wherein we noted the Township followed accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. The Township has not presented Management's Discussion and Analysis, which accounting principals generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements. 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 the Comptroller General of the United States' *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Township's internal control will not prevent or detect a more-than-consequential financial statement misstatement.

We consider the following deficiency described in the accompanying schedule of findings to be significant deficiency in internal control over financial reporting: 2006-003.

**Internal Control Over Financial Reporting, (continued)**

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Township's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe the significant deficiency described above is not a material weakness.

We noted certain matters that we reported to the Township's management in a separate letter dated December 4, 2007.

**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, 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 one instance of noncompliance that are required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings as items 2006-001 and 2006-002.

In a separate letter to the Township's management dated December 4, 2007, we reported other matters related to noncompliance we deemed immaterial.

We intend this report solely for the information and use of the management and the Board of Trustees. We intend it for no one other than these specified parties.

Manning & Associates CPAs, LLC  
Dayton, Ohio

December 4, 2007

**ORANGE TOWNSHIP  
SHELBY COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2006 AND 2005**

<b>FINDING RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING 2006-001**

**Ohio Rev. Code Section 153.10** states no change of plans, details, bills of material, or specifications shall be made or allowed to a contract unless the same are approved by the owner. When so approved, the plans of the proposed change, with detail to scale and full size, specification of work, and bills of material shall be filed with original papers. If such change affects the price, the amount thereof shall likewise receive such approval

In 2005 the Township paid more for then the bid amount on the road project with Barrett Paving for Kirkwood Road. It was noted that verbal permission on any changes to the bid amounts were obtained from the Township. However, no documentation on the approved changes was maintained or provided to the Township. The change was for the quantity of concrete and coating, which appear to be from a pavement repair. The amount of the difference was \$3,959.

The Township should implement procedures to ensure that all changes in contracts be properly documented and maintained with the original contract. It should be noted that this applies to any contract in which the Township is responsible for payment.

Response: The Township will implement the necessary procedures to ensure the all future changes in contracts will be properly documented and attached to the original contracts. An oral approval was given by Trustees for a repair, any change orders in the future will be documented.

**FINDING 2006-002**

**Ohio Rev. Code, Section 5705.36** allows subdivisions to request increase/decreased amended certificates upon determination by the fiscal officer that the revenue to be collected will be greater/less than the amount in the official certificate of estimated resources.

In 2005, estimated resources exceeded actual receipts in the following funds:

General Fund	\$18,078
Motor Vehicle License Tax Fund	1,356

The fiscal officer should monitor the financial activities of the Township and request amended certificates when actual receipts will be less than the amounts estimated. This analysis should also encompass a comparison of appropriations versus available resources after amendment.

Response: The Fiscal Officer will monitor budgetary compliance more closely.

**ORANGE TOWNSHIP  
SHELBY COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2006 AND 2005**

<b>FINDING RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING 2006-003**

**Financial Reporting and Budgetary Financial Statements**

Certain receipts and disbursements were not properly classified on the annual financial reports for 2006 and 2005. These items required restatement of the amounts to properly present the activity of the Township. The misclassifications on the annual financial report fail to present an accurate accounting of the financial status of the Township and can mislead the users of the report. The Following were noted and adjusted in these financial statements:

- In 2006 and 2005 sale of assets were reported as miscellaneous income instead of sale of assets in the amount of \$4,020, and \$100, respectively.
- In 2006, UAN fees and EMS contract payments were posted to incorrect account in the amount of \$1,800 and \$6,392
- In 2005, FEMA funds received were posted to charges for services in the amount of \$9,867 instead of Intergovernmental receipts in the FEMA fund.
- In addition, in 2005 the Township's budgetary resources and appropriations were not properly recorded in the UAN accounting system. By not completing the budgetary information in the system, budgetary monitoring is difficult. Failure to report budgetary data accurately presents an erroneous comparison of the budgetary activity and can mislead those using the financial report. The Fiscal officer should report all estimated resources and appropriations in the UAN system for complete monitoring of the Township. At year-end budgetary data filed with the county auditor should agree with the amounts posted to ensure that only the approved budgetary amounts are included in the Township's annual report.

Response: Procedures have been implemented to record budgetary estimated resources and appropriations as reported to County Auditor.



**Mary Taylor, CPA**  
Auditor of State

**ORANGE TOWNSHIP**

**SHELBY 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 13, 2008**