



Mary Taylor, CPA
Auditor of State

VILLAGE OF ORANGEVILLE
TRUMBULL COUNTY

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Mary Taylor, CPA
Auditor of State

Village of Orangeville
Trumbull County
P.O. Box 132
Orangeville, Ohio 44453

To the Village Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS 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. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

Mary Taylor

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Auditor of State

November 30, 2009

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Village of Orangeville
Trumbull County
P.O. Box 132
Orangeville, Ohio 44453

To the Village Council:

We have audited the accompanying financial statements of Village of Orangeville, Trumbull County, (the Village) as of and for the years ended December 31, 2008 and 2007. These financial statements are the responsibility of the Village'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. The Township processes its financial transactions with 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 audit 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 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Village 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 require presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. While the Village 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 Villages to reformat their statements. The Village 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, 2008 and 2007, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2008 and 2007 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 Village of Orangeville, Trumbull County, as of December 31, 2008 and 2007, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Village 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 our report dated November 30, 2009, on our consideration of the Village'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.



Mary Taylor, CPA
Auditor of State

November 30, 2009

**VILLAGE OF ORANGEVILLE
TRUMBULL COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008**

| | <u>Governmental Fund Types</u> | | Totals (Memorandum Only) |
|---|--------------------------------|----------------------------|---|
| | <u>General</u> | <u>Special Revenue</u> | |
| Cash Receipts: | | | |
| Property and Local Taxes | \$11,230 | \$11,730 | \$22,960 |
| Intergovernmental | 7,238 | 11,966 | 19,204 |
| Special Assessments | | 4,166 | 4,166 |
| Fines, Licenses and Permits | 130 | | 130 |
| Earnings on Investments | 276 | 40 | 316 |
| Miscellaneous | 1,149 | | 1,149 |
| | <hr/> | <hr/> | <hr/> |
| Total Cash Receipts | 20,023 | 27,902 | 47,925 |
| | <hr/> | <hr/> | <hr/> |
| Cash Disbursements: | | | |
| Current: | | | |
| Security of Persons & Property | 4,191 | 15,319 | 19,510 |
| Public Health Services | 311 | | 311 |
| Transportation | | 13,671 | 13,671 |
| General Government | 14,498 | 350 | 14,848 |
| Capital Outlay | 289 | 1,758 | 2,047 |
| | <hr/> | <hr/> | <hr/> |
| Total Cash Disbursements | 19,289 | 31,098 | 50,387 |
| | <hr/> | <hr/> | <hr/> |
| Total Receipts Over/(Under) Disbursements | 734 | (3,196) | (2,462) |
| Fund Cash Balance, January 1, 2008 | 41,170 | 32,236 | 73,406 |
| | <hr/> | <hr/> | <hr/> |
| Fund Cash Balance, December 31, 2008 | \$41,904 | \$29,040 | \$70,944 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

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

**VILLAGE OF ORANGEVILLE
TRUMBULL COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007**

| | <u>Governmental Fund Types</u> | | Totals (Memorandum Only) |
|---|--------------------------------|----------------------------|--------------------------------|
| | <u>General</u> | <u>Special Revenue</u> | |
| Cash Receipts: | | | |
| Property and Local Taxes | \$12,529 | \$14,897 | \$27,426 |
| Intergovernmental | 6,912 | 11,745 | 18,657 |
| Special Assessments | | 4,283 | 4,283 |
| Fines, Licenses and Permits | 378 | | 378 |
| Earnings on Investments | 174 | 35 | 209 |
| Miscellaneous | 1,147 | | 1,147 |
| | <hr/> | <hr/> | <hr/> |
| Total Cash Receipts | 21,140 | 30,960 | 52,100 |
| | <hr/> | <hr/> | <hr/> |
| Cash Disbursements: | | | |
| Current: | | | |
| Security of Persons & Property | 4,029 | 15,299 | 19,328 |
| Public Health Services | 346 | | 346 |
| Transportation | | 11,640 | 11,640 |
| General Government | 17,684 | 440 | 18,124 |
| | <hr/> | <hr/> | <hr/> |
| Total Cash Disbursements | 22,059 | 27,379 | 49,438 |
| | <hr/> | <hr/> | <hr/> |
| Total Receipts Over/(Under) Disbursements | (919) | 3,581 | 2,662 |
| Fund Cash Balance, January 1, 2007 | 42,089 | 28,655 | 70,744 |
| | <hr/> | <hr/> | <hr/> |
| Fund Cash Balance, December 31, 2007 | \$41,170 | \$32,236 | \$73,406 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

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

**VILLAGE OF ORANGEVILLE
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007**

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 the Village of Orangeville, Trumbull County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides general governmental services, such as, street maintenance and lighting. The Village contracts with Hartford Township for police protection services. The Village appropriates tax levy money to support a volunteer fire department.

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Village 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. Deposits and Investments

The Village'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.

The Village had no investments at December 31, 2008 and 2007. Funds are held in an interest-bearing checking account.

D. Fund Accounting

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village 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.

2. Special Revenue Funds

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

**VILLAGE OF ORANGEVILLE
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Street Construction, Maintenance and Repair Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

Fire Protection Levy Fund – This fund receives property tax money from a voted levy to provide fire protection for Village residents.

Street Lighting Fund – This fund receives money from special assessments for the purpose of providing street lighting.

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 level of control, and appropriations may not exceed estimated resources. The Village Council 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 as of January 1. The County Budget Commission must also approve estimated resources.

3. Encumbrances

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

A summary of 2008 and 2007 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

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

2. EQUITY IN POOLED DEPOSITS

The Village maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at December 31 was as follows:

| | 2008 | 2007 |
|-----------------|----------|----------|
| Demand deposits | \$70,944 | \$73,406 |

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

**VILLAGE OF ORANGEVILLE
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2008 and 2007 follows:

| 2008 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|-----------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$21,819 | \$20,023 | (\$1,796) |
| Special Revenue | 31,445 | 27,902 | (3,543) |
| Total | \$53,264 | \$47,925 | (\$5,339) |

| 2008 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|----------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$36,215 | \$19,289 | \$16,926 |
| Special Revenue | 40,354 | 31,098 | 9,256 |
| Total | \$76,569 | \$50,387 | \$26,182 |

| 2007 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|-----------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$22,642 | \$21,140 | (\$1,502) |
| Special Revenue | 33,265 | 30,960 | (2,305) |
| Total | \$55,907 | \$52,100 | (\$3,807) |

| 2007 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|----------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$36,015 | \$22,059 | \$13,956 |
| Special Revenue | 36,672 | 27,379 | 9,293 |
| Total | \$72,687 | \$49,438 | \$23,249 |

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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 Village.

**VILLAGE OF ORANGEVILLE
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007**

5. RETIREMENT SYSTEM

The Village's elected and appointed officials belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2008 and 2007, OPERS members contributed 10% and 9.5%, respectively, of their gross salaries and the Village contributed an amount equaling 14% and 13.85%, respectively, of participants' gross salaries. The Village has paid all contributions required through December 31, 2008.

6. RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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



Mary Taylor, CPA

Auditor of State

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

Village of Orangeville
Trumbull County
P.O. Box 132
Orangeville, Ohio 44453

To the Village Council:

We have audited the financial statements of the Village of Orangeville, Trumbull County, (the Village) as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated November 30, 2009, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also noted the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township. 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 mandate the Auditor of State to audit Ohio governments. 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 Village'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 Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in 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 Village'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 Village's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Compliance and Other Matters

As part of reasonably assuring whether the Village'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 an opinion. The results of our tests disclosed no instances of noncompliance or other matters that we must report under *Government Auditing Standards*.

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

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

Mary Taylor, CPA
Auditor of State

November 30, 2009



Mary Taylor, CPA
Auditor of State

VILLAGE OF ORANGEVILLE

TRUMBULL 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
DECEMBER 22, 2009