

Village of Orient  
Pickaway County, Ohio

Regular Audit

January 1, 2008, through December 31, 2009  
Fiscal Years Audited Under GAGAS: 2009 and 2008



**Balestra, Harr & Scherer, CPAs, Inc.**

---

528 South West St, P.O. Box 687, Piketon, Ohio 45661 Phone: 740.289.4131 Fax: 740.289.3639





Mary Taylor, CPA  
Auditor of State

Village Council  
Village of Orient  
P. O. Box 163  
Orient, Ohio 43146

We have reviewed the *Independent Auditor's Report* of the Village of Orient, Pickaway County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period January 1, 2008 through December 31, 2009. 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 Auditor's 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 Auditor's 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. The Village of Orient is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

September 1, 2010

**This Page is Intentionally Left Blank.**

VILLAGE OF ORIENT  
PICKAWAY COUNTY  
TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
Independent Auditor's Report.....	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes In Fund Cash Balances – All Governmental Fund Types For the Year Ended December 31, 2009 .....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes In Fund Cash Balances – Proprietary Fund Type For the Year Ended December 31, 2009 .....	4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes In Fund Cash Balances – All Governmental Fund Types For the Year Ended December 31, 2008 .....	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes In Fund Cash Balances – Proprietary Fund Type For the Year Ended December 31, 2008 .....	6
Notes to the Financial Statements .....	7
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	12
Schedule of Findings and Responses.....	14
Schedule of Prior Audit Findings.....	17



### Independent Auditor's Report

Village Council  
Village of Orient  
P. O. Box 163  
Orient, Ohio 43146

We have audited the accompanying financial statements of the Village of Orient, Pickaway County, (the Village) as of and for the years ended December 31, 2009 and 2008. 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 Standard*. 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 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 its larger (i.e., major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards require 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 governments 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 and third following paragraphs.

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, 2009 and 2008 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, 2009 and 2008, or its changes in financial position or cash flows, where applicable, for the years then ended.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village of Orient, Pickaway County, as of December 31, 2009 and 2008, 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 May 17, 2010, 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 this 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.



Balestra, Harr & Scherer, CPAs, Inc.

May 17, 2010

**Village of Orient  
Pickaway County**

*Combined Statement of Cash Receipts, Cash Disbursements, and  
Changes in Fund Cash Balances  
All Governmental Funds  
For the Year Ended December 31, 2009*

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property and Local Taxes	\$ 4,802	\$ 5,285	\$ 10,087
Intergovernmental	21,407	15,371	36,778
Fines, Licenses & Permits	441	-	441
Earnings on Investments	394	126	520
Miscellaneous	2	-	2
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	27,046	20,782	47,828
<b>Cash Disbursements:</b>			
Current:			
Security of Persons & Property	3,750	-	3,750
Public Health Service	487	-	487
Transportation	-	57,169	57,169
General Government	26,346	-	26,346
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	30,583	57,169	87,752
Total Cash Receipts Over/(Under) Cash Disbursements	<hr/> (3,537)	<hr/> (36,387)	<hr/> (39,924)
<b>Other Financing Receipts and (Disbursements):</b>			
Proceeds from Sale of Assets	25	-	25
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	25	-	25
Excess of Cash Receipts and Other Financing Receipts (Under) Cash Disbursements and Other Financing Disbursements	(3,512)	(36,387)	(39,899)
Fund Cash Balances, January 1	<hr/> 13,953	<hr/> 139,476	<hr/> 153,429
Fund Cash Balances, December 31	<hr/> <u>\$ 10,441</u>	<hr/> <u>\$ 103,089</u>	<hr/> <u>\$ 113,530</u>

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



**Village of Orient  
Pickaway County**

*Combined Statement of Cash Receipts, Cash Disbursements, and  
Changes in Fund Cash Balances  
Proprietary Fund Type  
For the Year Ended December 31, 2009*

	<b>Proprietary Fund Type</b>
	<b>Enterprise</b>
<b>Operating Cash Receipts:</b>	
Charges for Services	\$ 44,592
Total Operating Cash Receipts	44,592
<b>Operating Cash Disbursements:</b>	
Personal Services	2,192
Employee Fringe Benefits	338
Contractual Services	23,580
Supplies and Materials	143
Total Operating Cash Disbursements	26,253
Operating Loss	18,339
<b>Non-Operating Receipts (Disbursements):</b>	
Principal Payments	(9,379)
Interest and Fiscal Charges	(4,878)
Total Non-Operating Receipts/(Disbursements)	(14,257)
Net Receipts Over/(Under) Disbursements	4,082
Fund Cash Balances, January 1	7,442
<b>Fund Cash Balances, December 31</b>	<b>\$ 11,524</b>

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

**Village of Orient  
Pickaway County**

*Combined Statement of Cash Receipts, Cash Disbursements, and  
Changes in Fund Cash Balances  
All Governmental Funds  
For the Year Ended December 31, 2008*

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property and Local Taxes	\$ 5,062	\$ 6,659	\$ 11,721
Intergovernmental	24,243	16,430	40,673
Fines, Licenses & Permits	464	-	464
Earnings on Investments	1,221	345	1,566
Miscellaneous	30	-	30
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	31,020	23,434	54,454
<b>Cash Disbursements:</b>			
Current:			
Security of Persons & Property	5,500	-	5,500
Public Health Service	420	-	420
Community Environment	277	-	277
Basic Utility Services	265	-	265
Transportation	-	22,683	22,683
General Government	27,656	-	27,656
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	34,118	22,683	56,801
	<hr/>	<hr/>	<hr/>
Total Cash Receipts Over Cash Disbursements	(3,098)	751	(2,347)
	<hr/>	<hr/>	<hr/>
<b>Other Financing Receipts and (Disbursements):</b>			
Advances - In	5,000	-	5,000
Advances - Out	(5,000)	-	(5,000)
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	-	-	-
	<hr/>	<hr/>	<hr/>
Total cash receipts over/(under) cash disbursements	(3,098)	751	(2,347)
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	17,051	138,725	155,776
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$ 13,953</u>	<u>\$ 139,476</u>	<u>\$ 153,429</u>
	<hr/>	<hr/>	<hr/>
Reserve for Encumbrances, December 31	<u>\$ 1,740</u>	<u>\$ -</u>	<u>\$ 1,740</u>

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

**Village of Orient  
Pickaway County**

*Combined Statement of Cash Receipts, Cash Disbursements, and  
Changes in Fund Cash Balances  
Proprietary Fund Type  
For the Year Ended December 31, 2008*

	<b>Proprietary Fund Type</b>
	<b>Enterprise</b>
<b>Operating Cash Receipts:</b>	
Charges for Services	\$ 51,351
Total Operating Cash Receipts	51,351
<b>Operating Cash Disbursements:</b>	
Contractual Services	18,559
Supplies and Materials	528
Total Operating Cash Disbursements	19,087
Operating Loss	32,264
<b>Non-Operating Receipts (Disbursements):</b>	
Principal Payments	(14,764)
Interest and Fiscal Charges	(4,808)
Total Non-Operating Receipts/(Disbursements)	(19,572)
<b>Income/(Loss) Before Interfund Transfers and Advances</b>	12,692
<b>Transfers and Advances:</b>	
Advances - In	5,000
Advances - Out	(5,000)
Total Transfers and Advances	-
Net Receipts Over/(Under) Disbursements	12,692
Fund Cash Balances, January 1	(5,250)
<b>Fund Cash Balances, December 31</b>	<b>\$ 7,442</b>

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

VILLAGE OF ORIENT  
PICKAWAY COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of Orient, Pickaway County, (the Village) 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 Village operates under a council-mayor form of government. The Village provides general governmental services, including water and sewer utilities, street construction, maintenance and repair, as well as other general government services. The Village contracts with the Pickaway County Sheriff's Office for security services.

The Village management believes these financial statements represent all activities for which the Village 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**

For reporting purposes, the Village considers "Cash and Cash Equivalents" to be cash on hand, demand deposits, and all investments held by the Village with a maturity date less than or equal to three months from the date of purchase. Interest income earned and received by the Village totaled \$520 and \$1,566 for the years ended December 31, 2009 and 2008, respectively.

**D. Fund Accounting**

The Village uses fund accounting to segregate cash that is restricted as to use. The Village classifies its funds into the following types:

**1. General Fund:**

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

**2. Special Revenue Funds:**

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

*Street Construction, Maintenance and Repair Fund* – This Fund receives gasoline tax and motor vehicle tax money for construction, maintaining and repairing Village streets.

VILLAGE OF ORIENT  
PICKAWAY COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008

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

**D. Fund Accounting (Continued)**

**3. Proprietary Funds:**

**Enterprise Fund**

These funds account for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges. The Village had the following significant enterprise funds:

*Water Fund* – This fund receives charges for services from residents to cover the cost of providing water services to residents.

*Sewer Fund* – This fund receives charges for services from residents to cover the cost of providing sewer services to residents.

**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 object 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. Unencumbered appropriations lapse at year end.

**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 Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried forward and need not be re-appropriated.

A summary of 2009 and 2008 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.

VILLAGE OF ORIENT  
PICKAWAY COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008

2. EQUITY IN POOLED CASH

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

	<u>2009</u>	<u>2008</u>
Demand Deposits	\$ 125,054	\$ 160,871

**Deposits:** Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2009 and December 31, 2008, was as follows:

**2009 Budgeted vs. Actual Receipts**

Fund Type	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 30,000	\$ 27,071	\$ (2,929)
Special Revenue	23,000	20,782	(2,218)
Enterprise	72,000	44,592	(27,408)
Total	<u>\$ 125,000</u>	<u>\$ 92,445</u>	<u>\$ (32,555)</u>

**2009 Budgeted vs. Actual Budgetary Basis Expenditures**

Fund Type	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 33,855	30,583	\$ 3,272
Special Revenue	87,700	57,169	30,531
Enterprise	76,700	40,510	36,190
Total	<u>\$ 198,255</u>	<u>\$ 128,262</u>	<u>\$ 69,993</u>

**2008 Budgeted vs. Actual Receipts**

Fund Type	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ -	\$ 31,020	\$ 31,020
Special Revenue	-	23,434	23,434
Enterprise	-	51,351	51,351
Total	<u>\$ -</u>	<u>\$ 105,805</u>	<u>\$ 105,805</u>

**2008 Budgeted vs. Actual Budgetary Basis Expenditures**

Fund Type	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ -	\$ 35,858	\$ (35,858)
Special Revenue	-	22,683	(22,683)
Enterprise	-	38,659	(38,659)
Total	<u>\$ -</u>	<u>\$ 97,200</u>	<u>\$ (97,200)</u>

VILLAGE OF ORIENT  
PICKAWAY COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 proceeding the October 1 date for which rates are adopted by Village Council. 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.

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.

**5. DEBT**

Debt outstanding at December 31, 2009 was as follows:

	Principal	Interest Rate
Ohio Public Works Commission	\$170,048	0%
Bank Note	94,304	5.05%
Total	<u>\$264,352</u>	

The Ohio Public Works Commission (OPWC) loan relates to modifications to the Village water distribution system. The OPWC has approved an interest free loan of \$212,560 to the Village for this project. The loan will be repaid in annual installments of \$5,314 over 20 years, with the final payment July 1, 2025. The loan is collateralized by water and sewer receipts.

The Bank note relates to the construction of the Village water system. The Bank note has an interest rate of 5.05% on the loan of \$112,440 to the Village for this project. The loan will be repaid in annual installments of \$745 over 19 years with final payment July 1, 2024. The loan is collateralized by water and sewer receipts.

Amortization of the above debt is scheduled as follows:

Year Ending December 31,	OPWC	Bank Note		Total	
	Principal	Principal	Interest	Principal	Interest
2010	\$ 10,628	\$ 4,263	\$ 4,680	\$ 14,891	\$ 4,680
2011	10,628	4,484	4,460	15,112	4,460
2012	10,628	4,715	4,228	15,343	4,228
2013	10,628	4,959	3,984	15,587	3,984
2014	10,628	5,215	3,728	15,843	3,728
2015 - 2019	53,140	30,410	14,306	83,550	14,306
2020 - 2024	53,140	39,124	5,592	92,264	5,592
2025	10,628	1,134	9	11,762	9
Total	<u>\$ 170,048</u>	<u>\$ 94,304</u>	<u>\$ 40,987</u>	<u>\$ 264,352</u>	<u>\$ 40,987</u>

VILLAGE OF ORIENT  
PICKAWAY COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008

**6. RISK MANAGEMENT**

The Village has obtained commercial insurance coverage for the following risks:

- Employee dishonesty bond
- Comprehensive property and general liability
- Errors and omissions

Settled claims have not exceeded this commercial coverage in any of the past three years. There has been no significant change in coverage from last year.

**7. CONTINGENT LIABILITIES**

**LITIGATION**

The Village is currently not involved in litigation

**8. COMPLIANCE**

- The Village had a negative cash balance in the Water Operating fund for the years ended December 31, 2009 and 2008, contrary to Ohio Revised Code Section 5705.10.
- The Village did not file their annual appropriations with the County Auditor for the year ended December 31, 2008, contrary to Ohio Revised Code Section 5705.38.
- The Village did not properly encumber all commitments as required by the Ohio Revised Code Section 5705.41(D)
- The Village did not certify to the county auditor all resources available from all sources for 2008, as required by the Ohio Revised Code Section 5705.36
- The Village did not obtain a reduced amended certificate from the County Budget Commission when it was known that appropriations were in excess of actual resources in either 2008 or 2009, as required by the Ohio Revised Code Section 5705.36(A)(4).
- Annual appropriations exceeded estimated resources in both 2008 and 2009, contrary to Ohio revised code Section 5705.39.





**Report on Internal Control Over Financial Reporting and on Compliance and Other Matters  
Required by *Government Auditing Standards***

Members of Council  
Village of Orient  
P. O. Box 163  
Orient, Ohio 43146

We have audited the financial statements of the Village of Orient, Pickaway County (the Village), as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated May 17, 2010 wherein we noted the Village prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. 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 the purpose of expressing our opinions on the financial statements, but not for the purpose of opining 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 deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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**

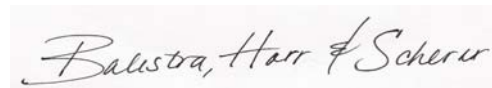
As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statements 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 instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings and responses as items 2009-001 through 2009-006.

Members of Council  
Village of Orient  
Report on Internal Control over Financial Reporting and on Compliance and  
Other Matters Required by *Government Auditing Standards*  
Page 2

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated May 17, 2010.

The Village's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the Village's responses and, accordingly, we express no opinion on them.

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



Balestra, Harr & Scherer, CPAs, Inc.  
May 17, 2010

**VILLAGE OF ORIENT  
PICKAWAY COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2009 AND 2008**

**FINDING NUMBER 2009-001**

**Material Non-Compliance**

Ohio Revised Code Section 5705.10 states in part that monies paid into a fund must only be used for the purposes for which such fund has been established. As a result, a negative fund balance indicates that money from one fund was used to cover the expenses of another fund.

The Village had negative fund balances in its Water Operating Fund funds of \$8,838 and \$7,437 at December 31, 2009 and 2008, respectively.

The Village should implement internal controls that would ensure that funds are not overspent resulting in negative fund balances.

*Client Response:*

The Fiscal Officer of record for 2009 has contacted all utility customers about their water accounts in an attempt to bring the delinquent balances current.

**FINDING NUMBER 2009-002**

**Material Non-Compliance**

Ohio Revised Code Section 5705.39 states in part that total appropriations from each fund shall not exceed the total estimated resources. No appropriation measure is effective until the County Auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate.

During 2008, appropriations were adopted by the Council, however, they were never filed with the County Auditor. During 2009, appropriations to the Sewer Operating Fund exceeded available resources.

The Village should implement internal controls to help ensure that appropriations do not exceed available resources and to ensure that documents that are required to be filed with the County Auditor are being filed by the required date.

*Client Response:*

The Fiscal Officer of record for 2009 filed the appropriation measure with the County Auditor as required.

**VILLAGE OF ORIENT  
PICKAWAY COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2009 AND 2008**

**FINDING NUMBER 2009-003**

**Material Non-Compliance**

Ohio Revised Code Section 5705.41(B) states in part that no subdivision or taxing unit is to expend money unless it has been appropriated.

The Village Council approved appropriations for 2008, but they did not file them with the County Auditor. As a result, their appropriations were set at \$0 since an appropriation measure is not effective until the County Auditor files a certificate that the total appropriations from each fund do not exceed the total estimate.

The Village should implement internal controls that would ensure that no money is expended unless it has been properly appropriated and that the appropriation measures are properly filed with the County Auditor as required by the Ohio Revised Code.

*Client Response:*

The Fiscal Officer of record for 2009 filed the appropriation measure with the County Auditor as required.

**FINDING NUMBER 2009-004**

**Material Non-Compliance**

Ohio Revised Code Section 5705.36 requires the fiscal officer to certify to the County Auditor the total amount from all sources available for expenditure from each fund along with any unencumbered balances existing at the end of the preceding year on or about the first day of each year. The 2007 year end balances were not certified to the County Auditor during January, 2008.

*Client Response:*

The Fiscal Officer of record for 2009 filed the total amount from all sources available for expenditure from each fund along with any unencumbered balances existing at the end of the preceding year with the County Auditor as required.

**FINDING NUMBER 2009-005**

**Material Non-Compliance**

Ohio Revised Code Section 5705.38 requires that on or about the first day of each fiscal year, the legislative authority is to pass an annual appropriation measure and file a copy with the County Auditor. During 2008, the appropriation measure was passed in February, however, no copy was filed with the County Auditor as required.

*Client Response:*

The Fiscal Officer of record for 2009 filed the 2009 appropriation measure with the County Auditor as required.

**VILLAGE OF ORIENT  
PICKAWAY COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2009 AND 2008**

**FINDING NUMBER 2009-006**

**Material Non-Compliance**

Ohio Revised Code Section 5705.41(D) states that no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This section also provides two exceptions to the above requirement:

- Then and Now Certificates – If no certificate is furnished as required, upon receipt of the fiscal officer’s certificate that a sufficient sum was, both at the time of the contract or order and at the time or the certificate, appropriated and free of any previous encumbrances, the (entity) may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.
- If the amount involved is less than three thousand dollars, the fiscal officer may authorize it to be paid without the affirmation of the (legislative authority) upon completion of a then and now certificate.

During 2008, several transactions tested were not certified prior to the purchase commitment. There was no indication that “then and now” certificates were used.

The Village should issue a valid purchase order with the signature of the fiscal officer prior to making any purchase commitment. In those events when commitments are made prior to obtaining the fiscal officer’s certificate, the Village should employ the allowable provision of law under this section, Ohio Revised Code Section 5705.41(D), and secure a “then and now” certificate. This matter has been cited since the 1999-98 audit.

**Client Response:** The Fiscal Officer of record for 2009 implemented procedures to ensure that the certificate of the fiscal officer was obtained during 2009, before funds were obligated for disbursement.

**VILLAGE OF ORIENT  
PICKAWAY COUNTY  
DECEMBER 31, 2009 AND 2008**

**SCHEDULE OF PRIOR AUDIT FINDINGS**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:</b>
2007-001	Material Weakness – accounting records for utility billings	Yes	
2007-002	ORC Section 5705.10 Negative fund balances.	No	Reissued as 2009-001
2007-003	ORC Section 5705.41(B) Disbursements exceeding appropriations.	No	Reissued as 2009-003
2007-004	ORC Section 5705.36 Certifying year end fund balances to the County Auditor	Partially Corrected	Reissued as 2009-005
2007-005	ORC Section 5705.41(D) Fiscal Officer’s certification of available funds for disbursement.	Partially Corrected	Reissued as 2009-006
2007-006	Significant Deficiency – compensation method.	Yes	
2007-007	Material Weakness – audit adjustments not posted	Yes	
2007-008	ORC Section 5705.38 Filing appropriations with the County Auditor	Partially Corrected	Reissued as 2009-005
2007-009	Material Weakness – segregation of duties	Yes	
2007-010	ORC Section 731.13 – compensation of employees	Yes	



**Mary Taylor, CPA**  
Auditor of State

**VILLAGE OF ORIENT**

**PICKAWAY 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  
SEPTEMBER 14, 2010**