



**ORANGE VILLAGE  
CUYAHOGA COUNTY**

**REGULAR AUDIT**

**FOR THE YEAR ENDED DECEMBER 31, 2002**



**Auditor of State  
Betty Montgomery**



ORANGE VILLAGE  
CUYAHOGA COUNTY

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Orange Village  
Cuyahoga County  
4600 Lander Road  
Orange, Ohio 44022

To the Village Council

We have audited the accompanying financial statements of Orange Village, Cuyahoga County, Ohio, (the Village) as of and for the year ended December 31, 2002. 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 *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 described in Note 1, the Village 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 Village, Cuyahoga County, Ohio, as of December 31, 2002, and its combined cash receipts and disbursements for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 30, 2003 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the finance committee, management, Village Council and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

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

**Betty Montgomery**  
Auditor of State

May 30, 2003

**ORANGE VILLAGE  
CUYAHOGA COUNTY**

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

	<u>Governmental Fund Types</u>				<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>					
Property Tax and Other Local Taxes	\$2,999,724	\$39,292	\$0	\$602,364	\$3,641,380
Intergovernmental Receipts	92,937	94,457		86,317	273,711
Charges for Services	107,877				107,877
Fines, Licenses, and Permits	132,602			10,500	143,102
Earnings on Investments	30,912	71		29,925	60,908
Miscellaneous	110,824				110,824
<b>Total Cash Receipts</b>	<b>3,474,876</b>	<b>133,820</b>	<b>0</b>	<b>729,106</b>	<b>4,337,802</b>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	1,582,795	143,636			1,726,431
Community Environment	155,366				155,366
Basic Utility Services	124,685				124,685
Transportation	428,926	99,990			528,916
General Government	612,714				612,714
Debt Service:					
Principal Payments			2,399,507		2,399,507
Interest Payments			203,465		203,465
Financing and Other Debt-Service Related					0
Capital Outlay		4,455		769,357	773,812
<b>Total Cash Disbursements</b>	<b>2,904,486</b>	<b>248,081</b>	<b>2,602,972</b>	<b>769,357</b>	<b>6,524,896</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>570,390</b>	<b>(114,261)</b>	<b>(2,602,972)</b>	<b>(40,251)</b>	<b>(2,187,094)</b>
<b>Other Financing Receipts and (Disbursements):</b>					
Sale of Bonds or Notes				2,636,347	2,636,347
Transfers-In		122,000	2,602,972	664,847	3,389,819
Transfers-Out	(786,846)	(9,507)	0	(2,593,466)	(3,389,819)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>(786,846)</b>	<b>112,493</b>	<b>2,602,972</b>	<b>707,728</b>	<b>2,636,347</b>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(216,456)	(1,768)	0	667,477	449,253
Fund Cash Balances, January 1, 2002	1,081,968	48,361	0	1,359,715	2,490,044
<b>Fund Cash Balances, December 31, 2002</b>	<b>\$865,512</b>	<b>\$46,593</b>	<b>\$0</b>	<b>\$2,027,192</b>	<b>\$2,939,297</b>

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

**ORANGE VILLAGE  
CUYAHOGA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Agency Fund</u>
<b>Operating Cash Receipts:</b>	
Interest Income	<u>\$11</u>
Total Operating Cash Receipts	<u>11</u>
Operating Income	<u>11</u>
<b>Non-Operating Cash Receipts:</b>	
Other Non-Operating Receipts	<u>297,401</u>
Total Non-Operating Cash Receipts	<u>297,401</u>
<b>Non-Operating Cash Disbursements:</b>	
Other Non-Operating Cash Disbursements	<u>519,526</u>
Total Non-Operating Cash Disbursements	<u>519,526</u>
Net Receipts Over/(Under) Disbursements	(222,114)
Fund Cash Balances, January 1, 2002	<u>998,852</u>
<b>Fund Cash Balances, December 31, 2002</b>	<b><u><u>\$776,738</u></u></b>

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



**ORANGE VILLAGE  
CUYAHOGA COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Orange Village, Cuyahoga County, Ohio, (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 is directed by a publicly-elected seven-member Council and Mayor. The Village provides general governmental services, including road maintenance, building inspections, and police and fire protection.

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

The Village participates in the following jointly governed organization:

**Northeast Ohio Public Energy Council**

The Village is a member of the Northeast Ohio Public Energy Council ("NOPEC"), a jointly governed organization. NOPEC is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. NOPEC was formed to serve as a vehicle for communities wishing to proceed jointly with an aggregation program for the purchase of electricity. NOPEC is currently comprised of over 100 communities who have been authorized by ballot to purchase electricity on behalf of their citizens. The intent of NOPEC is to provide electricity at the lowest possible rates while at the same time insuring stability in prices by entering into long-term contracts with suppliers to provide electricity to the citizens of its member communities.

NOPEC is governed by a General Assembly made up of one representative from each member community. The representatives from each County then elect one person to serve on the eight-member NOPEC Board of Directors. The Board of Directors oversees and manages the operation of the aggregation program. The degree of control exercised by any participating government is limited to its representation in the General Assembly and on the Board of Directors. The Village did not contribute to NOPEC in 2001. Financial information can be obtained by contacting Dan DiLiberto, Board Chairman, 1615 Clark Avenue, Cleveland, Ohio, 44109.

**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.

**ORANGE VILLAGE  
CUYAHOGA COUNTY**

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

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

**C. Cash and Investments**

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

The Village invested in STAROhio (the State Treasurer's investment pool) which is valued at amounts reported by the State Treasurer.

**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 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 Fund**

These funds are used to account for proceeds from specific sources (other than from 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 constructing, maintaining and repairing Village streets.

*Police Pension Fund* – This fund is used to account for property taxes and transfers from the General Fund which are used to pay for the police pension obligations.

**3. Debt Service Fund**

These funds are used to accumulate resources for the payment of bonds and note indebtedness.

**4. Capital Project Funds**

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Village had the following significant capital project funds:

*Orange Place Extension* – This fund is used to account for the proceeds from the sale of notes for the purpose of construction and expansion of Orange Place and installation of various landscape and streetscape improvements.

*Infrastructure Levy Fund* – This fund is used to account for the construction and maintenance of Village roads, drainage and water.

**ORANGE VILLAGE  
CUYAHOGA COUNTY**

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

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

**D. Fund Accounting (Continued)**

**5. Fiduciary Funds (Trust and Agency Funds)**

Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant fiduciary funds:

*Contractor's Deposits* – This fund is used to account for the collection and distribution of contractor's deposits.

*Mayor's Court Fund* – This fund holds deposits which consist of traffic violations within the Village limits. A portion of these revenues are paid to the Village's General Fund and the remainder is remitted to the State of Ohio.

**E. Budgetary Process**

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

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function and major object level of control for the general fund, and fund level of control for all other funds, and appropriations may not exceed estimated resources. The 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 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. The Village did not use the encumbrance method of accounting.

A summary of 2002 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

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

**ORANGE VILLAGE  
CUYAHOGA COUNTY**

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

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

**G. Accumulated Leave**

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as a liability under the basis of accounting used by the Village.

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

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

	2002
Demand deposits	\$77,150
Total deposits	77,150
STAR Ohio	3,638,885
Total investments	3,638,885
Total deposits and investments	\$3,716,035

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

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the year ending 2002 follows:

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$3,454,000	\$3,474,876	\$20,876
Special Revenue	296,891	255,820	(41,071)
Debt Service	2,602,972	2,602,972	0
Capital Projects	4,005,880	4,030,300	24,420
Fiduciary	173,275	176,311	3,036
Total	\$10,533,018	\$10,540,279	\$7,261

**ORANGE VILLAGE  
CUYAHOGA COUNTY**

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

**3. BUDGETARY ACTIVITY (Continued)**

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,782,000	\$3,691,333	\$90,667
Special Revenue	289,000	257,588	31,412
Debt Service	2,603,000	2,602,972	28
Capital Projects	3,368,000	3,362,823	5,177
Fiduciary	232,000	398,454	(166,454)
Total	\$10,274,000	\$10,313,170	(\$39,170)

The Village did not apply budgetary procedures to the Mayor's Court Agency Fund which is not required or included in the above fiduciary budgeted receipts or appropriation authority amounts.

Contrary to Ohio Revised Code Section 5705.41(D), the Village did not encumber any funds during 2002 as required.

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding 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 payments, 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 Village.

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. LOCAL INCOME TAX**

The Village levies an income tax of 2% on gross salaries, wages and other personal service compensation earned by residents of the Village and on the earnings of nonresidents working within the Village. The Village allows a 60% tax credit up to 1.5% of withholding taxes paid to another municipality. The tax also applies to the net income of businesses operating within the Village.

**ORANGE VILLAGE  
CUYAHOGA COUNTY**

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

**6. DEBT**

Debt outstanding at December 31, 2002 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligations Bonds - Village Hall	\$1,295,000	3.85% to 6.2%
General Obligation Bonds - Various Purpose	\$1,755,000	3.7% to 4.85%
Orange Place - Bond Anticipation Notes	2,000,000	1.70%
O.P.W.C. Loan	175,888	0.00%
O.W.D.A Loan - 3266	942,687	6.41%
O.W.D.A Loan - 3271	527,307	6.41%
Total	<u>\$6,695,882</u>	

The 1994 Village Hall Bond issue relates to the construction of the new Village Hall, and is being repaid in semiannual installments, including interest, over 20 years. Though not legally obligated, the Village's policy has been to utilize inheritance tax receipts for the repayment of this debt. As of December 31, 2002, the Village has set aside \$945,110 for future debt payments.

The Various Purpose Bonds issued in 1998 relates to street improvements which are being repaid in semiannual installments, including interest, over 10 years. These bonds have two years of payments remaining. This issuance also includes the installation and construction of waterlines and is being repaid through special assessments over 20 years.

The Orange Place-Bond Anticipation Note relates to the construction and expansion of the Orange Place extension and installation of various landscape and streetscape. This note will be repaid in one installment of \$2,034,000, which includes \$34,000 of interest, payable at maturity. Future payments will be repaid through special assessments.

The O.P.W.C. loan is no interest loan that they will be paid over 20 years for the Harvard Road Improvement Project.

O.W.D.A. Loan 3266 relates to a \$942,687 Ohio Water Development Loan for a sewer and stormwater construction project related to the Chagrin Highlands Project. The project's final reimbursement was not received until 2003 and the final payment schedule has not been finalized by O.W.D.A. Payments for this loan are scheduled to begin in 2005 and will be repaid through special assessments.

O.W.D.A. Loan 3271 relates to a \$527,307 Ohio Water Development Loan for a waterline construction project related to the Chagrin Highlands Project. The project's final reimbursement was not received until 2003 and the final payment schedule has not been finalized by O.W.D.A. Payments for this loan are scheduled to begin in 2005 and will be repaid through special assessments.

**ORANGE VILLAGE  
CUYAHOGA COUNTY**

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

**6. DEBT (Continued)**

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

	Village Hall Bonds	Various Purpose Bonds	O.P.W.C.
Year ending December 31:			
2003	\$157,702	\$405,562	\$9,507
2004	153,383	397,198	9,507
2005	153,983	393,463	9,507
2006	154,223	393,973	9,507
2007	154,093	38,673	9,507
2008-2012	780,880	193,085	47,537
2013-2014	311,990	78,038	19,015
Total	\$1,866,254	\$1,899,992	\$114,087

**7. RETIREMENT SYSTEMS**

The Village's law enforcement officers belong to the Ohio Police and Fire Pension Fund (OP&F). All other employees except the Village's firefighters hired after August 3, 1992 belong to the Ohio Public Employees Retirement System (OPERS) of Ohio. OP&F and OPERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2002, OP&F participants contributed 10% of their wages. The Village contributed an amount equal to 19.5% of police wages. OPERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of participants' gross salaries for 2002. The Village has paid all contributions required through December 31, 2002.

Effective August 3, 1992, any new part-time Village firefighters are no longer covered by PERS and must contribute to social security. The Village liability is 6.2 percent of wages paid.

**8. RISK MANAGEMENT**

**Commercial Insurance**

The Village has obtained commercial insurance for the following risks:

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

They also provide for health insurance life insurance and dental coverage to full-time employees through a private carrier.

**ORANGE VILLAGE  
CUYAHOGA COUNTY**

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

**9. CONTINGENT LIABILITIES**

The Village is defendant in several lawsuits. Although the outcome of these suits is not presently determinable, management believes that the resolution of these matters will not materially adversely affect the Village's financial condition.

**10. JOINT ECONOMIC DEVELOPMENT ZONE AGREEMENT**

The Joint Economic Development Zone Agreement was entered into pursuant to Section 715.49 Ohio Revised Code between the City of Cleveland, City of Warrensville Heights and Orange Village. The City of Cleveland owns property currently situated in the City of Warrensville Heights and Orange Village and desires to develop the property to create job opportunities and tax and other revenue. Orange Village is responsible for constructing improvements and providing municipal services. The three municipalities have agreed to share in the zone agreement income tax revenues generated from this agreement. The City of Cleveland, the City of Warrensville and the Village of Orange will receive 37.5%, 12.5% and 50% respectively of the income tax revenue. During the fiscal year 2002, \$147,964 of gross zone agreement income tax revenue was collected, of which, \$73,653 represents Orange Village's portion.





**Auditor of State  
Betty Montgomery**

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

Orange Village  
Cuyahoga County  
4600 Lander Road  
Orange, Ohio 44022

To the Village Council:

We have audited the accompanying financial statements of Orange Village, Cuyahoga County, Ohio, (the Village) as of and for the year ended December 31, 2002, and have issued our report thereon dated May 30, 2003. 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 Village's financial statements are 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the Schedule of Findings as item 2002-001. We also noted a certain immaterial instance of noncompliance that we have reported to the management of the Village in a separate letter dated May 30, 2003.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. 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 Village in a separate letter dated May 30, 2003.

Orange Village  
Cuyahoga County  
Independent Accountants' Report on Compliance and on Internal Control  
Required by *Government Auditing Standards*  
Page 2

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

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

**Betty Montgomery**  
Auditor of State

May 30, 2003

**ORANGE VILLAGE  
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2002**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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<b>Finding Number</b>	<b>2002-001</b>
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**Purchase Order Certification**

Ohio Revised Code Section 5705.41(D) states, in part, 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 requirements:

- If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was appropriated and free of any previous encumbrances, the Village Council 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 (a then and now certificate), if such expenditure is otherwise valid.
- If the amount involved is less than one thousand dollars, the fiscal officer may authorize it to be paid without the affirmation of the Village Council.

The Village did not certify the availability of funds for any of the expenditure transactions during the audit period.

This weakness could allow expenditures to exceed the total of the available fund balance and the current year revenues. This could result in a negative fund balance(s).

The Village was aware of these requirements, however failed to implement them.

We recommend the Village begin to use purchase orders for all expenditures to assist in monitoring expenditure activities and to properly certify the availability of funds for any orders or contracts involving the expenditure of money to ensure compliance with this requirement. Where prior certification is not feasible, we encourage the Village to utilize then and now certificates or blanket certificates.

**ORANGE VILLAGE  
CUYAHOGA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2002**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain:</i></b>
2001-30818-001	Ohio Revised Code Section 5705.41(B)	No	Re-Issued in 2002 in management letter- Village will work to eliminate in the future.
2001-30818-002	Ohio Revised Code Section 5705.41(D)	No	Re-Issued in 2002 as finding number 2002-001– Village will work to eliminate in the future.
2001-30818-003	Ohio Revised Code Section 5705.39	Yes	Fully corrected



**Auditor of State  
Betty Montgomery**

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**ORANGE VILLAGE**

**CUYAHOGA 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  
JULY 3, 2003**