



**VILLAGE OF ORANGE
CUYAHOGA COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2001



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF ORANGE
CUYAHOGA COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Village of Orange
Cuyahoga County
4600 Lander Road
Orange, Ohio 44022

To the Village Council:

We have audited the accompanying financial statements of the Village of Orange, Cuyahoga County, Ohio, (the Village) as of and for the year ended December 31, 2001. 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 audits.

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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the 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 the Village of Orange, Cuyahoga County, Ohio, as of December 31, 2001, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 31, 2002 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, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a cursive "Petro".

Jim Petro
Auditor of State

May 31, 2002

VILLAGE OF ORANGE
CUYAHOGA COUNTY

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

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts:					
Local Taxes	\$2,980,687	\$37,340	\$0	\$769,683	\$3,787,710
Intergovernmental	106,092	271,497	0	607,279	984,868
Charges For Services	88,392	0	0	0	88,392
Special Assessments	0	0	0	0	0
Investment Income	85,293	59	0	80,762	166,114
Fines, Licenses, and Permits	151,786	0	0	8,250	160,036
Miscellaneous	1,690	0	0	0	1,690
Total Cash Receipts	3,413,940	308,896	0	1,465,974	5,188,810
Cash Disbursements:					
Current:					
Security of Persons and Property	1,539,834	138,838	0	0	1,678,672
Community Environment	186,314	0	0	0	186,314
Basic Utility	123,246	0	0	0	123,246
Transportation	420,192	132,058	0	0	552,250
General Government	529,981	0	0	0	529,981
Debt Service					
Principal Payments	0	0	2,656,873	0	2,656,873
Interest Payments	0	0	0	0	0
Capital Outlay	0	380,298	0	1,804,270	2,184,568
Total Cash Disbursements	2,799,567	651,194	2,656,873	1,804,270	7,911,904
Total Receipts Over/(Under) Disbursements	614,373	(342,298)	(2,656,873)	(338,296)	(2,723,094)
Other Financing Receipts:					
Sale of Notes	0	0	0	2,000,000	2,000,000
Other Debt Proceeds	0	190,149	0	0	190,149
Transfers-In	0	120,000	2,656,873	570,792	3,347,665
Transfers-Out	(690,791)	(4,754)	0	(2,652,120)	(3,347,665)
Total Other Financing Receipts	(690,791)	305,395	2,656,873	(81,328)	2,190,149
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	(76,418)	(36,903)	0	(419,624)	(532,945)
Fund Cash Balances, January 1, 2001	1,158,386	85,264	0	1,779,339	3,022,989
Fund Cash Balances, December 31, 2001	\$1,081,968	\$48,361	\$0	\$1,359,715	\$2,490,044

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

VILLAGE OF ORANGE
CUYAHOGA COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE - FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2001

	<u>Fiduciary Fund Type</u>
	<u>Agency</u>
Non-Operating Cash Receipts:	
Miscellaneous	<u>\$359,243</u>
Total Non-Operating Cash Receipts	<u>359,243</u>
Non-Operating Cash Disbursements:	
Other Non-Operating Cash Disbursements	<u>302,879</u>
Total Non-Operating Cash Disbursements	<u>302,879</u>
Net Receipts Over/(Under) Disbursements	<u>56,364</u>
Fund Cash Balances, January 1, 2001	<u>943,127</u>
Fund Cash Balances, December 31, 2001	<u><u>\$999,491</u></u>

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

**VILLAGE OF ORANGE
CUYAHOGA COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Orange, 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 six-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 jointly governed organization as follows:

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 92 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, Treasurer, 35150 Lakeshore Boulevard, Eastlake, Ohio, 44095.

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.

VILLAGE OF ORANGE
CUYAHOGA COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001
(CONTINUED)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Cash and Investments

Investments are included in fund cash balances. 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 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 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 is 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 Fund

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 Fund:

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.

VILLAGE OF ORANGE
CUYAHOGA COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001
(CONTINUED)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Fiduciary Funds (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, object level of control for the General Fund and the 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. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The Village did not use the encumbrance method of accounting.

A summary of 2001 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 ORANGE
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001
(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:

	2001
Demand deposits	(\$820)
Total deposits	(820)
STAR Ohio	3,490,355
Total investments	3,490,355
Total deposits and investments	\$3,489,535

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

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending 2001 follows:

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$3,044,200	\$3,413,940	\$369,740
Special Revenue	233,290	619,045	385,755
Debt Service	561,000	2,656,873	2,095,873
Capital Projects	1,878,579	4,036,766	2,158,187
Total	\$5,717,069	\$10,726,624	\$5,009,555

**VILLAGE OF ORANGE
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001
(CONTINUED)**

3. BUDGETARY ACTIVITY

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Budgeted Expenditures	Actual Expenditures	Variance
General	\$3,438,000	\$3,490,358	(\$52,358)
Special Revenue	237,000	655,948	(418,948)
Debt Service	561,000	2,656,873	(2,095,873)
Capital Projects	1,537,000	4,456,398	(2,919,398)
Total	\$5,773,000	\$11,259,577	(\$5,486,577)

As of December 31, 2001, the General Fund General Law Enforcement - Other Expenses, Fire Prevention - Other Expenses, Land Use Planning - Other Expenses, Street Maintenance and Repair -Other Expenses, General Government - Other Expenses, and the Land and Buildings - Other Expenses; the Special Revenue - Street Construction Maintenance and Repair Fund; the Debt Service Fund; and the Capital Projects - Orange Place Extension and Infrastructure Levy Funds, had expenditures in excess of the amount appropriated, contrary to Ohio Revised Code Section 5705.41(B), Revised Code, in the amounts of \$97,380, \$35,216, \$2,235, \$96,232, \$56,441, \$26,073, \$422,642, \$2,095,873, \$2,679,682, and \$404,362 respectively. The Village rolled over notes in December 2001; for the payment of Orange Place Bond Anticipation Notes. The Village's failure to amend the appropriation in accordance with the requirements of the Ohio Revised Code resulted in the Debt Service Fund and the Capital Projects - Orange Place Extension Fund having expenditures in excess of the amount appropriated.

As of December 31, 2001, the Village was in violation of Section 5705.41D for failure to certify the availability of funds for any of the expenditure transactions for the audit period.

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 with 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 ORANGE
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001
(CONTINUED)**

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 business's operating within the Village.

6. DEBT

Debt outstanding at December 31, 2001 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligations Bonds - Village Hall	\$1,370,000	3.85% to 6.2%
General Obligation Bonds - Various Purpose	2,070,000	3.7% to 4.85%
Orange Place - Bond Anticipation Notes	2,000,000	2.25%
O.P.W.C. Loan	185,395	0.00%
Total	<u>\$5,625,395</u>	

The Village Hall Bonds issues in 1994, relate to the construction of the Village Hall, and are being repaid in semiannual installments, including interest, over 20 years.

The Various Purpose Bond issued in 1998, relate to street improvements, and are being repaid in semiannual installments, including interest, over 10 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 \$2,045,000, which includes \$45,000 of interest, payable at maturity.

The O.W.P.C. loan is for 20 years for the Harvard Road Improvement Project.

Amortization of the above debt including interest is as follows:

	<u>Village Hall Bonds</u>	<u>Various Purpose Bonds</u>	<u>O.W.P.C.</u>
Year ending December 31:			
2002	\$156,678	\$403,162	\$9,507
2003	157,702	405,562	\$9,507
2004	153,383	397,198	\$9,507
2005	153,383	393,463	\$9,507
Subsequent	1,400,854	927,626	147,367
Total	<u>\$2,022,000</u>	<u>\$2,527,011</u>	<u>\$185,395</u>

**VILLAGE OF ORANGE
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001
(CONTINUED)**

7. RETIREMENT SYSTEMS

The Village's law enforcement officers belong to the Ohio Police and Fire Pension Funds (OP&FPF). Other employees belong to the Public Employees Retirement System (PERS) of Ohio. OP&FPF and PERS 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 2001, OP&FPF participants contributed 10% of their wages. The Village contributed an amount equal to 19.5% of police participant wages. PERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of participants' gross salaries for 2001. The Village has paid all contributions required through December 31, 2001.

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.

9. CONTINGENT LIABILITIES

The Village is a defendant in a lawsuit currently under appeal. Although the outcome of this suit is not presently determinable, management believes that the resolution of this matter 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, the City of Warrensville Heights and the Village of Orange. The City of Cleveland owns property currently situated in the City of Warrensville Heights and the Village of Orange and desires to develop the property to create job opportunities and tax and other revenue. The Village of Orange is responsible for constructing improvements and municipal services. Per the agreement, 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 2001, \$42,796 of gross zone agreement income tax revenue was collected, of which, \$23,068 represents the Village of Orange's portion.

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OFFICE OF THE AUDITOR**

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

Village of Orange
Cuyahoga County
4600 Lander Road
Orange, Ohio 44022

To the Village Council:

We have audited the financial statements of the Village of Orange, Cuyahoga County, Ohio, (the Village) as of and for the year ended December 31, 2001, and have issued our report thereon dated May 31, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2001-30818-001 and 2001-30818-002.

We noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated May 31, 2002.

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 other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated May 31, 2002.

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, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a horizontal line extending to the right.

Jim Petro
Auditor of State

May 31, 2002

**VILLAGE OF ORANGE
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2001**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number	2001-30818-001
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Expenditures exceeding Appropriations

Ohio Rev. Code Section 5705.41(B) prohibits a subdivision or taxing unit from making an expenditure unless it has been properly appropriated. Budgetary expenditures (that is, disbursements and encumbrances) as enacted by Village Council may not exceed appropriations at the fund, function or object level of control for the General Fund and the fund level for all other funds, and appropriations may not exceed estimated resources. As disclosed in Note 3 to the Village's cash basis financial statements, the following funds had expenditures that exceeded appropriations:

	<u>Actual</u> <u>Expenses</u>	<u>Appropriations</u>	<u>Excess</u>	<u>Percent</u>
General Fund:				
General Law Enforcement – Other	\$272,380	\$175,000	(\$97,380)	-56%
Fire Prevention – Other	94,216	59,000	(35,216)	-60%
Land Use Planning – Other	89,235	87,000	(2,235)	-3%
Street Maintenance and Repair – Other	155,232	59,000	(96,232)	-163.10%
General Government – Other	913,441	857,000	(56,441)	-6.5%
Lands and Buildings – Other	97,073	71,000	(26,073)	-36.72%
Special Revenue Fund:				
Street Const. Maintenance and Repair	508,642	86,000	(422,642)	-400%
Debt Service Fund				
	2,656,873	561,000	(2,095,873)	-373.59%
Capital Projects Funds:				
Orange Place Extension Fund	2,679,682	0	(2,679,682)	-100.00%
Infrastructure Levy Fund	1,106,362	702,000	(404,362)	-57%

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

We recommend the Village compare appropriations to expenditures in all funds which are legally required to be budgeted, at the legal level of control, and make all necessary adjustments to the amounts appropriated to ensure compliance with the above requirements. This comparison, and amendment if necessary, should be completed on a monthly basis at a minimum.

Finding Number	2001-30818-002
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Certification of Funds

Ohio Rev. 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.

VILLAGE OF ORANGE
CUYAHOGA COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2001
(Continued)

Finding Number	2001-30818-002
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Certification of Funds (Continued)

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.

**VILLAGE OF ORANGE
CUYAHOGA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2001**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid:
2000-30818-001	Ohio Revised Code Section 5705.41(B)	No	Re-issued in 2001 - Village should eliminate in future.
2000-30818-002	Ohio Revised Code Section 5705.41(D)	No	Re-issued in 2001 - Village should eliminate in future.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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VILLAGE OF ORANGE

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 9, 2002**