



Dave Yost • Auditor of State



VILLAGE OF ORANGEVILLE  
TRUMBULL COUNTY  
DECEMBER 31, 2016 AND 2015

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Village of Orangeville  
Trumbull County  
PO Box 132  
Orangeville, Ohio 44453

To the Village Council:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of Orangeville, Trumbull County, (the Village) as of and for the years ended December 31, 2016 and 2015.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 2 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2016 and 2015, or changes in financial position thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of Orangeville, Trumbull County as of December 31, 2016 and 2015, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 13, 2017, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

September 13, 2017

**Village of Orangeville**  
*Trumbull County*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*All Governmental Fund Types*  
*For the Year Ended December 31, 2016*

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$15,457	\$16,275		\$31,732
Intergovernmental	10,384	25,065	\$70,885	106,334
Special Assessments		3,934		3,934
Fines, Licenses and Permits	3,515			3,515
Earnings on Investments	27			27
<i>Total Cash Receipts</i>	<u>29,383</u>	<u>45,274</u>	<u>70,885</u>	<u>145,542</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	4,439	14,893		19,332
Transportation		11,362		11,362
General Government	16,729	579		17,308
Capital Outlay	96	39,230	70,885	110,211
<i>Total Cash Disbursements</i>	<u>21,264</u>	<u>66,064</u>	<u>70,885</u>	<u>158,213</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>8,119</u>	<u>(20,790)</u>	<u>0</u>	<u>(12,671)</u>
<b>Other Financing Receipts (Disbursements)</b>				
Advances In	1,000	1,000		2,000
Advances Out	(1,000)	(1,000)		(2,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	8,119	(20,790)		(12,671)
<i>Fund Cash Balances, January 1</i>	<u>53,084</u>	<u>69,242</u>	<u>0</u>	<u>122,326</u>
<b>Fund Cash Balances, December 31</b>				
Restricted		48,452		48,452
Unassigned	61,203			61,203
<i>Fund Cash Balances, December 31</i>	<u>\$61,203</u>	<u>\$48,452</u>	<u>\$0</u>	<u>\$109,655</u>

*See accompanying notes to the basic financial statements*

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**Village of Orangeville**  
*Trumbull County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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**NOTE 1 - REPORTING ENTITY**

The Village of Orangeville (the Village), Trumbull County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides general governmental services, such as, street maintenance and lighting. The Village contracts with Hartford Township to provide security of persons and property. The Village appropriates tax levy money to support the volunteer fire department.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Basis of Presentation***

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types.

***Fund Accounting***

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

***General Fund*** The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

***Special Revenue Funds*** These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

***Street Construction Maintenance and Repair*** - The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

***Fire Protection Levy Fund*** - The fire protection levy fund accounts for and reports monies received from the fire protection levy and expended for fire protection related services.

***Capital Project Fund*** This fund accounts for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

**Village of Orangeville**  
*Trumbull County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

***Budgetary Process***

The Ohio Revised Code requires that each fund be budgeted annually.

***Appropriations*** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

***Estimated Resources*** Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must approve estimated resources.

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

A summary of 2016 budgetary activity appears in Note 3.

***Deposits and Investments***

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Village had no investments as of December 31, 2016. Funds are held in an interest bearing checking account.

***Capital Assets***

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

***Fund Balance***

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

***Nonspendable*** The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

**Village of Orangeville**  
*Trumbull County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

**Restricted** Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**Committed** Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**Assigned** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

**Unassigned** Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**Note 3 - Budgetary Activity**

Budgetary activity for the year ending December 31, 2016 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$29,230	\$29,383	\$153
Special Revenue	47,285	45,274	(2,011)
Capital Projects	70,885	70,885	0
Total	\$147,400	\$145,542	(\$1,858)

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$28,895	\$21,264	\$7,631
Special Revenue	74,750	66,064	8,686
Capital Projects	70,885	70,885	0
Total	\$174,530	\$158,213	\$16,317

**Village of Orangeville**  
*Trumbull County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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**NOTE 4 – DEPOSITS AND INVESTMENTS**

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

	<u>2016</u>
Demand deposits	\$109,655

***Deposits***

All Deposits are insured by the Federal Depository Insurance Corporation.

**NOTE 5 – TAXES**

***Property Taxes***

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

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

**NOTE 6 - RISK MANAGEMENT**

***Commercial Insurance***

The Village has obtained commercial insurance for the following risks:

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

**NOTE 7 - DEFINED BENEFIT PENSION PLANS**

***Ohio Public Employees Retirement System***

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the Village contributed an amount equaling 14%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2016.

**Village of Orangeville**  
*Trumbull County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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**NOTE 7 - DEFINED BENEFIT PENSION PLANS - -(Continued)**

*Social Security*

Several Village employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2016.

**NOTE 8 - POSTEMPLOYMENT BENEFITS**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 2 percent of the employer contribution to fund these benefits.

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**Village of Orangeville**  
*Trumbull County*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*All Governmental Fund Types*  
*For the Year Ended December 31, 2015*

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$15,573	\$16,405	\$31,978
Intergovernmental	8,169	30,838	39,007
Special Assessments		4,568	4,568
Fines, Licenses and Permits	2,891		2,891
Earnings on Investments	23		23
Miscellaneous		500	500
<i>Total Cash Receipts</i>	<u>26,656</u>	<u>52,311</u>	<u>78,967</u>
<b>Cash Disbursements</b>			
Current:			
Security of Persons and Property	3,680	15,029	18,709
Transportation		4,323	4,323
General Government	16,049	651	16,700
Capital Outlay		14,880	14,880
<i>Total Cash Disbursements</i>	<u>19,729</u>	<u>34,883</u>	<u>54,612</u>
<i>Excess of Receipts Over Disbursements</i>	<u>6,927</u>	<u>17,428</u>	<u>24,355</u>
<i>Net Change in Fund Cash Balances</i>	6,927	17,428	24,355
<i>Fund Cash Balances, January 1</i>	<u>46,157</u>	<u>51,814</u>	<u>97,971</u>
<b>Fund Cash Balances, December 31</b>			
Restricted		69,242	69,242
Unassigned	53,084		53,084
<i>Fund Cash Balances, December 31</i>	<u>\$53,084</u>	<u>\$69,242</u>	<u>\$122,326</u>

*See accompanying notes to the basic financial statements*

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**Village of Orangeville**  
*Trumbull County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2015*

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**NOTE 1 - REPORTING ENTITY**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Basis of Presentation***

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These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

**Village of Orangeville**  
*Trumbull County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2015*

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

***Budgetary Process***

The Ohio Revised Code requires that each fund be budgeted annually.

***Appropriations*** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

***Estimated Resources*** Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must approve estimated resources.

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

A summary of 2015 budgetary activity appears in Note 3.

***Deposits and Investments***

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**Village of Orangeville**  
*Trumbull County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2015*

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

**Committed** Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**Assigned** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

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The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**NOTE 3 - BUDGETARY ACTIVITY**

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$26,546	\$26,656	\$110
Special Revenue	52,978	52,311	(667)
Total	\$79,524	\$78,967	(\$557)

Budgetary activity for the year ending December 31, 2015 follows:

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$27,805	\$19,729	\$8,076
Special Revenue	51,150	34,883	16,267
Total	\$78,955	\$54,612	\$24,343

**Village of Orangeville**  
*Trumbull County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2015*

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**NOTE 4 – DEPOSITS AND INVESTMENTS**

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

	2015
Demand deposits	<u>\$122,326</u>

***Deposits***

All Deposits are insured by the Federal Depository Insurance Corporation.

**NOTE 5 – TAXES**

***Property Taxes***

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

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

**NOTE 6 - RISK MANAGEMENT**

***Commercial Insurance***

The Village has obtained commercial insurance for the following risks:

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

**NOTE 7 - DEFINED BENEFIT PENSION PLANS**

***Ohio Public Employees Retirement System***

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the Village contributed an amount equaling 14%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2015.

**Village of Orangeville**  
*Trumbull County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2015*

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**NOTE 7 - DEFINED BENEFIT PENSION PLANS – (Continued)**

*Social Security*

Several Village employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

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**NOTE 8 - POSTEMPLOYMENT BENEFITS**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Village of Orangeville  
Trumbull County  
PO Box 132  
Orangeville, Ohio 44453

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Village of Orangeville, Trumbull County, (the Village) as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements, and have issued our report thereon dated September 13, 2017, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

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 a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider significant deficiencies. We consider finding 2016-001 and 2016-002 to be significant deficiencies.

***Compliance and Other Matters***

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining 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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2016-001.

***Entity's Response to Findings***

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

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

September 13, 2017



**VILLAGE OF ORANGEVILLE  
TRUMBULL COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2016 AND 2015**

1. **State Highway Fund Expenditures**

<i>Finding Number</i>	2016-001
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NONCOMPLIANCE AND SIGNIFICANT DEFICIENCY

Ohio Rev. Code §5735.28 provides that when a municipal corporation is on the line of the state highway system that seven and one-half per cent of the amount paid to the municipal corporation for gasoline excise tax and motor vehicle tax shall be used by it only to construct, reconstruct, repave, widen, maintain, and repair such highways, to purchase, erect, and maintain traffic lights and signals, and to erect and maintain street and traffic signs and markers on such highways, or to pay principal, interest, and charges on bonds and other obligations.

The Village made the following improper expenditures from the State Highway Fund:

1. For fiscal years 2015 and 2016, the Village improperly used \$362 and \$438, respectively, of State Highway Fund monies to pay a local township for police services. These amounts were approved by Village Council and equated to 10% of the total amount paid to the township. The remaining 90% was paid from the Village's General Fund.
  
2. In 2016, the Village improperly used \$96 of State Highway Fund monies to pay for mosquito spraying. This amount was approved by Village Council and equated to 10% of the total amount paid for the mosquito spraying. The remaining 90% was paid from the Village's General Fund.

The Village should only charge allowable expenditures to the State Highway Fund in accordance with the Ohio Revised Code. The Village adjusted their financial statements and accounting system fund balances for these errors.

**Official's Response:** On the advice of our solicitor we used the State Highway funds for these expenses related to our only state highway in the Village. The Hartford police patrol our village during the month. We asked them if they patrolled and parked on SR 609 at least 10% of the 20 hours they work for us. We were told they did patrol and set up radar for speeding violations on SR 609 at least 10% of that time. That is why we chose to expense 10% of their fees from this account. The same thing is true of the mosquito spraying bill. A vendor sprays along SR 609 for mosquitoes, as well as in the adjoining park. We believe both these expenses relate to SR 609 and should be taken from the State Highway Fund. We have no other expenses for that road as the state is responsible for paving, repairing, putting up road signs and all other expenses. We have no traffic lights anywhere.

2. **Cable Franchise Fees**

<i>Finding Number</i>	2016-002
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SIGNIFICANT DEFICIENCY

Ohio Administrative Code Chapter 117-2-01 provides that all public officials are responsible for the design and operation of a system of internal control that is adequate to provide reasonable assurance regarding the achievement of objectives for their respective public offices in certain categories. "Internal control" means a process effected by an entity's governing board, management, and other personnel, designed to provide reasonable assurance regarding the achievement of objectives for reliability of financial reporting;

The control procedures over the review of receipt transactions failed to recognize material errors related to posting classifications because the Village lacked proper procedures. The Village has made all required adjustments to their financial statements for the following errors:

- In 2015, the Village posted \$2,876 received from cable franchise fees as miscellaneous receipts instead of license, permits and fees receipts as required by the Ohio Township Handbook for the General Fund.
- In 2016, the Village posted \$2,936 received from cable franchise fees as miscellaneous receipts instead of license, permits and fees receipts as required by the Ohio Township Handbook for the General Fund.

The Village should refer to the Village Officers' Handbook for posting guidance and improve its control procedures to help ensure all amounts are properly recorded in the accounting system and related financial statements.

**Official's Response:** I have always posted the cable franchise fees to this account and previous audits did not mention this as incorrect. When my UAN books were originally set up, this is the account I was told to use. There was no license/fees receipt account set up in my ledger. My fault for not knowing there was another account to be used for this.



# Dave Yost • Auditor of State

VILLAGE OF ORANGEVILLE

TRUMBULL COUNTY

## CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
DECEMBER 19, 2017