

VILLAGE OF ORIENT
PICKAWAY COUNTY, OHIO

Financial Statements
(Audited)

For The Years Ended
December 31, 1999 and 1998

TRIMBLE, JULIAN & GRUBE, INC.

TJG

**VILLAGE OF ORIENT
PICKAWAY COUNTY, OHIO**

***Financial Statements*
(Audited)**

For The Years Ended
December 31, 1999 and 1998

AMBER POTTS, CLERK/TREASURER

**VILLAGE OF ORIENT
PICKAWAY COUNTY, OHIO**

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Members of Council and Mayor
Village of Orient, Pickaway County
P.O. Box 63
Orient, Ohio 43146

We have reviewed the Independent Auditor's Report of the Village of Orient, Pickaway County, prepared by Trimble, Julian & Grube, Inc., for the audit period January 1, 1998 through December 31, 1999. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Orient is responsible for compliance with these laws and regulations.



JIM PETRO
Auditor of State

July 1, 2000

TRIMBLE, JULIAN & GRUBE, INC.

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Independent Auditor's Report

Members of Council and Mayor
Village of Orient, Pickaway County
P.O. Box 63
Orient, OH 43146

We have audited the accompanying financial statements of the Village of Orient, Pickaway County, as of and for the years ended December 31, 1999 and 1998. These financial statements are the responsibility of the Village of Orient's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards 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 discussed in Note 2, the Village of Orient prepares its financial statements on the basis of accounting prescribed or permitted by 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 cash balances and fund balances of the Village of Orient, as of December 31, 1999 and 1998, and its combined cash receipts and disbursements, combined budgeted and actual receipts and budgeted and actual disbursements for the years then ended on the basis of accounting described in Note 2.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 31, 2000, on our consideration of the Village of Orient's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations and contracts.

This report is intended for the Village of Orient and its management, and is not intended to be and should not be used by anyone other than these specified parties.



Trimble, Julian & Grube, Inc.

March 31, 2000

**VILLAGE OF ORIENT
PICKAWAY COUNTY, OHIO**

**COMBINED STATEMENT OF FUND BALANCES
ALL FUND TYPES - CASH BASIS
DECEMBER 31, 1999 AND 1998**

<u>Cash and Cash Equivalents</u>	<u>1999</u>	<u>1998</u>
Cash and Cash Equivalents	\$ 230,129	\$ 220,558
Total Cash and Cash Equivalents	\$ 230,129	\$ 220,558
 <u>Fund Balances</u>		
<u>Governmental Funds:</u>		
General Fund	\$ 48,035	\$ 37,895
Special Revenue Fund	<u>110,724</u>	<u>118,699</u>
Total Governmental Funds	\$ 158,759	\$ 156,594
 <u>Proprietary Funds:</u>		
Enterprise Fund	<u>71,370</u>	<u>63,964</u>
Total Fund Balances	\$ 230,129	\$ 220,558

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF ORIENT
PICKAWAY COUNTY, OHIO**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>		Total (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash receipts:			
Local taxes	\$ 5,670		\$ 5,670
Intergovernmental	30,012	\$ 40,486	70,498
Charges for services	274		274
Fines, licenses, and permits	405		405
Interest	<u>2,256</u>	<u>510</u>	<u>2,766</u>
Total cash receipts	<u>38,617</u>	<u>40,996</u>	<u>79,613</u>
Cash disbursements:			
Current:			
Security of persons and property	8,605		8,605
Transportation	98	48,971	49,069
General government	17,370		17,370
Capital outlay	<u>2,404</u>		<u>2,404</u>
Total cash disbursements	<u>28,477</u>	<u>48,971</u>	<u>77,448</u>
Total cash receipts over/(under) cash disbursements	10,140	(7,975)	2,165
Cash fund balances, January 1, 1999	<u>37,895</u>	<u>118,699</u>	<u>156,594</u>
Cash fund balances, December 31, 1999	<u>\$ 48,035</u>	<u>\$ 110,724</u>	<u>\$ 158,759</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF ORIENT
PICKAWAY COUNTY, OHIO**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN CASH FUND BALANCES - PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 1999**

	Proprietary Fund Type
	Enterprise
Operating cash receipts:	
Charges for services	\$ 16,620
Total operating cash receipts	16,620
Operating cash disbursements:	
Contractual services	12,652
Total operating cash disbursements	12,652
Operating income	3,968
Nonoperating cash receipts:	
Special assessments	3,438
Total nonoperating cash receipts	3,438
Excess of receipts over disbursements	7,406
Cash fund balances, January 1, 1999	63,964
Cash fund balances, December 31, 1999	\$ 71,370

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF ORIENT
PICKAWAY COUNTY, OHIO**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>		<u>Total (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash receipts:			
Local taxes	\$ 5,486		\$ 5,486
Intergovernmental	28,072	\$ 38,890	66,962
Charges for services	744		744
Fines, licenses, and permits	60		60
Interest	2,550	478	3,028
Total cash receipts	<u>36,912</u>	<u>39,368</u>	<u>76,280</u>
Cash disbursements:			
Current:			
Security of persons and property	8,852		8,852
Public health services	247		247
Transportation	793	15,055	15,848
General government	22,834		22,834
Total cash disbursements	<u>32,726</u>	<u>15,055</u>	<u>47,781</u>
Total cash receipts over cash disbursements	4,186	24,313	28,499
Cash fund balances, January 1, 1998	<u>33,709</u>	<u>94,386</u>	<u>128,095</u>
Cash fund balances, December 31, 1998	<u>\$ 37,895</u>	<u>\$ 118,699</u>	<u>\$ 156,594</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF ORIENT
PICKAWAY COUNTY, OHIO**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN CASH FUND BALANCES - PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
Operating cash receipts:	
Charges for services	\$ 13,575
Total operating cash receipts	<u>13,575</u>
Operating cash disbursements:	
Contractual services	<u>9,319</u>
Total operating cash disbursements	<u>9,319</u>
Operating income	<u>4,256</u>
Nonoperating cash receipts:	
Special assessments	<u>3,066</u>
Total nonoperating cash receipts	<u>3,066</u>
Excess of receipts over disbursements	7,322
Cash fund balances, January 1, 1998	<u>56,642</u>
Cash fund balances, December 31, 1998	<u>\$ 63,964</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

VILLAGE OF ORIENT
PICKAWAY COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

NOTE 1 - DESCRIPTION OF THE ENTITY

The Village of Orient ("the Village") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The Village operates under a council-mayor form of government and provides the following services: sewer, street maintenance and repair, as well as other general government services.

Management believes the financial statements included in this report represent all of the funds of the Village over which the Village officials have direct operating control.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The most significant of the Village's accounting policies are described below.

A. BASIS OF PRESENTATION - FUND ACCOUNTING

The accounts of the Village are maintained on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts. The following fund types are used by the Village.

GOVERNMENTAL FUNDS

General Fund

The general fund is used to account for all activities of the Village not required to be included 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 Fund

This fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for specific purposes.

VILLAGE OF ORIENT
PICKAWAY COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

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

The Village had the following significant special revenue fund:

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

Enterprise Fund

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

Sewer Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

B. BASIS OF ACCOUNTING

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. BUDGETARY PROCESS

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds are legally required to be budgeted and appropriated. The primary level of budgetary control is at the item level within each fund. Any budgetary modifications at this level may only be made by resolution of the Village's Council.

VILLAGE OF ORIENT
PICKAWAY COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

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

Tax Budget:

A budget of estimated cash receipts and disbursements is submitted to the County Auditor, as secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year. All funds are legally required to be budgeted. The expressed purpose of the tax budget is to reflect the need for existing (or increased) tax rates.

Estimated Resources:

The County Budget Commission determines if the budget substantiates a need to levy the full amount of authorized property tax rates and reviews receipt estimates. The County Budget Commission certifies its actions to the Village by September 1. As part of this certification, the Village receives the official certificate of estimated resources, which states the projected receipts of each fund. On or about January 1, the certificate is amended to include unencumbered fund balances at December 31 of the preceding year. Further amendments may be made during the year if the Village determines that receipts collected will be greater than or less than the prior estimates, and the Budget Commission finds the revised estimates to be reasonable. Prior to December 31, the Village must revise its budget so that the total contemplated expenditures from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure.

Appropriations:

A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year for the period January to March 31. An annual appropriation measure must be passed by April 1 of each year for the period January 1 to December 31. The appropriations measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources.

Encumbrances:

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation.

VILLAGE OF ORIENT
PICKAWAY COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

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

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated. There were no outstanding encumbrances at December 31, 1999 or 1998.

D. CASH AND CASH EQUIVALENTS

For reporting purposes, the Village considers "Cash and Cash Equivalents" to be cash on hand, demand deposits, and all investments held by the Village with a maturity date less than or equal to three months from the date of purchase. Interest income earned and received by the Village totaled \$2,766 and \$3,028 for the years ended December 31, 1999 and 1998, respectively.

E. PROPERTY, PLANT AND EQUIPMENT

Fixed assets are not capitalized in any of the Village's funds. Instead, capital acquisition and construction costs are reflected as expenditures in the fund in the year expended. The costs of normal maintenance and repairs are also expended, along with improvements. Depreciation is not recorded.

F. INTERGOVERNMENTAL REVENUES

Intergovernmental revenues, such as entitlements, are recorded when received in accordance with the Village's cash basis method of accounting.

G. TOTAL COLUMNS ON FINANCIAL STATEMENTS

Total columns on the financial statements are captioned "Total (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Interfund-type eliminations have not been made in the aggregation of this data.

VILLAGE OF ORIENT
PICKAWAY COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

NOTE 3 - CASH AND CASH EQUIVALENTS

The Village maintains individual cash balances in bank accounts and short-term cash equivalents classified as "Cash and Cash Equivalents" on the Statement of Fund Balances.

A. LEGAL REQUIREMENTS

Statutes require the classifications of funds held by the Village into two categories:

Category 1 consists of active funds - those funds required to be kept in a cash or cash equivalent status for immediate use by the Village. Such funds must be maintained either as cash in the Village treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

Category 2 consists of inactive funds - those funds not required for use within the current two year period of designation of depositories. Inactive funds may be deposited or invested only as certificates of deposit maturing no later than the end of the current period of designation of depositories.

Inactive funds may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any Federal government agency, or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;

**VILLAGE OF ORIENT
PICKAWAY COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998**

NOTE 3 - CASH AND CASH EQUIVALENTS - (Continued)

5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio).

The Village may also invest any monies not required to be used for a period of six months or more in the following:

1. Bonds of the State of Ohio;
2. Bonds of any municipal corporation, village, county, township, or other political subdivision of this State, as to which there is no default principal, interest or coupons;
3. Obligations to the Village.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Historically, the Village has not purchased these types of investments or issued these types of notes. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Village and must be purchased with the expectation that it will be held to maturity.

B. CASH AND CASH EQUIVALENTS

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

	<u>1999</u>	<u>1998</u>
Deposits:		
Demand deposits	<u>\$230,129</u>	<u>\$220,558</u>
Total deposits	<u>\$230,129</u>	<u>\$220,558</u>

**VILLAGE OF ORIENT
PICKAWAY COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998**

NOTE 3 - CASH AND CASH EQUIVALENTS - (Continued)

C. DEPOSITS

For the years ended December 31, 1999 and 1998, the carrying amount of the Village's deposits, were \$230,129 and \$220,558, and the bank balance was \$238,040 and \$219,010, respectively. Of the bank balance:

1. \$100,000 and \$100,000 was covered by federal depository insurance for 1999 and 1998, respectively.
2. \$138,040 and \$119,010, respectively, was uninsured and uncollateralized. Although all statutory requirements for the deposit for the money had been followed, noncompliance with federal requirements could potentially subject the held to be successful claim by the FDIC.

NOTE 4 - PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the County. 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. Real property taxes are payable annually or semiannually to the County. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20 of the following year. Under certain circumstances, state statute permits later payment dates to be established.

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.

VILLAGE OF ORIENT
PICKAWAY COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

NOTE 5 - RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- *Comprehensive property and general liability*
- Errors and omissions

NOTE 6 - CONTINGENT LIABILITY

LITIGATION

The Village is currently not involved in any litigation.

TRIMBLE, JULIAN & GRUBE, INC.

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Members of Council and Mayor
Village of Orient, Pickaway County
P.O. Box 63
Orient, OH 43146

We have audited the financial statements of the Village of Orient, Pickaway County, as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated March 31, 2000. We conducted our audit in accordance with generally accepted auditing standards 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 of Orient's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain instances of noncompliance that we have reported to management of the Village in a separate letter dated March 31, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village of Orient'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 we have reported to the management of the Village of Orient in a separate letter dated March 31, 2000.

This report is intended for the information of the Village of Orient and its management and is not intended to be and should not be used by anyone other than these specified parties.

Trimble, Julian & Grube, Inc.

Trimble, Julian & Grube, Inc.
March 31, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

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VILLAGE OF ORIENT

PICKAWAY COUNTY

CLERK'S CERTIFICATION

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

By: Susan Babbitt

Date: JULY 25, 2000