



**Mary Taylor, CPA**  
Auditor of State



ORANGE VILLAGE  
CUYAHOGA COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter .....	1
Independent Accountants' Report.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2009.....	5
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - Agency Fund Type - For the Year Ended December 31, 2009.....	6
Notes to the Financial Statements .....	7
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	17
Schedule of Findings .....	19
Schedule of Prior Audit Findings.....	20

**This page intentionally left blank.**



# Mary Taylor, CPA

Auditor of State

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

To the Members of Village Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

November 9, 2010

**This page intentionally left blank.**



# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

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

To the Members of Village Council:

We have audited the accompanying financial statements of Orange Village, Cuyahoga County, Ohio, (the Village) as of and for the year ended December 31, 2009. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Villages to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 2009 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2009, or its changes in financial position the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Orange Village, Cuyahoga County, Ohio, as of December 31, 2009, and its combined cash receipts and disbursements for the year then ended on the accounting basis Note 1 describes.

The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2010, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

November 9, 2010

**ORANGE VILLAGE  
CUYAHOGA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Governmental Fund Types</u>				<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>					
Property Tax and Other Local Taxes	\$ 908,656	\$ 54,301		\$ 681,967	\$ 1,644,924
Municipal Income Taxes	3,177,765				3,177,765
Special Assessments		1,373	612,652		614,025
Intergovernmental Receipts	198,744	160,390		83,348	442,482
Charges for Services	175,503				175,503
Fines, Licenses, and Permits	192,282	42,551			234,833
Earnings on Investments	38,887	452			39,339
Miscellaneous	27,964				27,964
<b>Total Cash Receipts</b>	<u>4,719,801</u>	<u>259,067</u>	<u>612,652</u>	<u>765,315</u>	<u>6,356,835</u>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	2,228,509	207,757			2,436,266
Community Environment	199,884				199,884
Basic Utility Services	187,079				187,079
Transportation	670,236	74,735			744,971
General Government	1,125,560				1,125,560
Debt Service:					
Principal and Interest Payments			847,902		847,902
Capital Outlay		44,889		661,927	706,816
<b>Total Cash Disbursements</b>	<u>4,411,267</u>	<u>327,381</u>	<u>847,902</u>	<u>661,927</u>	<u>6,248,477</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>308,534</u>	<u>(68,314)</u>	<u>(235,250)</u>	<u>103,388</u>	<u>108,358</u>
<b>Other Financing Receipts and (Disbursements):</b>					
Transfers-In		150,000	280,085	141,602	571,687
Transfers-Out	(317,263)			(254,424)	(571,687)
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>(317,263)</u>	<u>150,000</u>	<u>280,085</u>	<u>(112,822)</u>	<u>-</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>(8,729)</u>	<u>81,686</u>	<u>44,835</u>	<u>(9,434)</u>	<u>108,358</u>
<b>Fund Cash Balances, January 1, 2009</b>	<u>2,703,440</u>	<u>538,210</u>	<u>1,035,230</u>	<u>1,292,791</u>	<u>5,569,671</u>
<b>Fund Cash Balances, December 31, 2009</b>	<u><b>\$ 2,694,711</b></u>	<u><b>\$ 619,896</b></u>	<u><b>\$ 1,080,065</b></u>	<u><b>\$ 1,283,357</b></u>	<u><b>\$ 5,678,029</b></u>

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

ORANGE VILLAGE  
CUYAHOGA COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - AGENCY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Agency</u>
<b>Non-Operating Cash Receipts:</b>	
Other Non-Operating Receipts	<u>\$159,358</u>
<b>Non-Operating Cash Disbursements:</b>	
Other Non-Operating Cash Disbursements	<u>210,236</u>
Excess of Receipts (Under) Disbursements	(50,878)
<b>Fund Cash Balances, January 1, 2009</b>	<u>414,651</u>
<b>Fund Cash Balances, December 31, 2009</b>	<u><u>\$363,773</u></u>

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

**ORANGE VILLAGE  
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Orange Village, Cuyahoga County, Ohio (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected Mayor and seven-member Council. The Village provides general governmental services, including police, fire, building inspection and recreation programs.

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

The Village participates in the following jointly governed organizations:

**Northeast Ohio Public Energy Council**

Northeast Ohio Public Energy Council (NOPEC), a jointly governed organization. NOPEC is a regional council of governments formed to serve as a vehicle for communities wishing to proceed jointly with an aggregation program for the purchase of electricity and natural gas.

**Regional Council of Governments**

The Regional Council of Governments (RCOG) was formed to administer tax collection and enforcement concerns of municipalities. This group established the Regional Income Tax Agency (RITA) which serves as the income tax agency for numerous municipalities throughout the State of Ohio.

**Valley Enforcement Regional Council of Governments**

The Village is a member of the Valley Enforcement Regional Council of Governments (VERCOG), a jointly governed organization. VERCOG is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. VERCOG was formed to continue to foster cooperation among political subdivisions through sharing of facilities for their common benefit.

**B. Accounting Basis**

These financial statements follow the accounting basis the Auditor of State prescribes or permits. 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).

These statements adequately disclose material matters the Auditor of State prescribes.

**ORANGE VILLAGE  
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009  
(Continued)**

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

**C. Deposits and Investments**

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

The Village values U.S. Treasury Notes and Repurchase Agreements at cost. The Village invested in STAR Ohio (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 reports all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

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

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

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

**3. Debt Service Fund**

This fund is used to accumulate resources for the payment of bond and note indebtedness. The Village had the following significant Debt Service Fund:

Debt Service Fund - This fund receives special assessments and transfers-in to retire bond and note debt.

**4. Capital Project Funds**

These funds account for receipts restricted to acquiring or constructing major capital projects. The Village had the following significant Capital Project Fund:

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

**ORANGE VILLAGE  
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009  
(Continued)**

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

**D. Fund Accounting (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 Agency Funds:

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

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

**E. Budgetary Process**

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

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function and major object level of control for the general fund, and fund level of control for all other funds, and appropriations may not exceed estimated resources. The Village 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 cash as of January 1. The County Budget Commission must also approve estimated resources.

**3. Encumbrances**

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. The Village uses the encumbrance method of accounting. The Village has continued to use the Then and Now certification process.

A summary of 2009 budgetary activity appears in Note 3.

**F. Property, Plant, and Equipment**

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

**ORANGE VILLAGE  
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009  
(Continued)**

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

**G. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**2. EQUITY IN POOLED 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:

	2009
Demand Deposits	\$3,201,288
U.S. Treasury Notes	560,435
Repurchase Agreement	1,699,000
STAR Ohio	581,079
Total Investments	2,840,514
Total Deposits and Investments	\$6,041,802

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

**Investments:** The Federal Reserve holds the Village's U.S. Treasury Notes in book-entry form in the name of the Village's financial institution. The financial institution maintains records identifying the Village as owner of these securities. The Village's financial institution transfers securities to the Village's agent to collateralize repurchase agreements. The securities are not in the Village's name. Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the year ending 2009 follows:

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$4,831,147	\$4,719,801	(\$111,346)
Special Revenue	397,942	409,067	11,125
Debt Service	957,272	892,737	(64,535)
Capital Projects	800,278	906,917	106,639
Agency	158,498	159,358	860
Total	\$7,145,137	\$7,087,880	(\$57,257)

**ORANGE VILLAGE  
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$4,615,692	\$4,728,530	(\$112,838)
Special Revenue	359,208	327,381	31,827
Debt Service	867,042	847,902	19,140
Capital Projects	922,733	916,351	6,382
Agency	214,407	210,236	4,171
Total	\$6,979,082	\$7,030,400	(\$51,318)

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Village Council adopts 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 State pays the Village amounts equaling these deductions. The Village includes these with Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half payment is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

**5. LOCAL INCOME TAX**

The Village levies a municipal income tax of 2 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village. The Village allows a 60% tax credit up to 1.5% of withholding taxes paid to another municipality. The tax also applies to the net income of businesses operating within the Village.

Employers within the Village are required to withhold income tax on employee earnings and remit the tax to the Regional Income Tax Agency (RITA) at least quarterly. Corporations and other individual taxpayers are also required to pay estimated tax quarterly and file a final return annually. Taxes collected by RITA in one month are remitted to the Village on 1<sup>st</sup> and 15<sup>th</sup> of the following month. Income tax revenue is credited entirely to the General Fund.

**ORANGE VILLAGE  
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009  
(Continued)**

**6. RETIREMENT SYSTEMS**

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

The Ohio Revised Code also prescribes contribution rates. For 2009, OP&F participants contributed 10 percent of their wages. The Village contributed an amount equal to 19.5 percent of police participant wages. OPERS members contributed 10 percent of their wages. The Village contributed an amount equal to 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2009.

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

**7. DEBT**

Debt outstanding at December 31, 2009 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Village Hall – Advanced Refunding GO Bonds	\$ 700,000	1.4% to 4.1%
General Obligation Bonds – Lander Watermain	325,000	4.8%
Orange Place South Extension Bonds	1,445,000	2.25% to 5.125%
Orange Place North Bonds	630,000	4% to 5.25%
OPWC Loan - Orange Place North	80,948	0%
OPWC Loan – Harvard Road	109,337	0%
OWDA Loan # 3266	915,124	6.41%
OWDA Loan # 3271	547,118	6.41%
Cuyahoga County – Chagrin Highlands	1,425,000	3% to 5.25%
Cuyahoga County – Miles Road	292,194	2% to 3.55%
Emery Road Improvement Bonds	<u>695,000</u>	4.65% to 5.5%
Total	<u>\$7,164,721</u>	

On October 23, 2003, the Village issued \$1,295,000 in general obligation bonds at interest rates varying from 1.4 percent to 5.5 percent. The proceeds of the general obligation bonds were used to refund \$1,135,000 of 1994 Village Hall Bonds. The bonds are being repaid in annual installments, including interest, over 10 years.

The General Obligation Bonds – Lander Watermain were issued in 1998 for \$525,000 and relate to water line improvements which are being repaid in semiannual installments, including interest, over 20 years. The bonds are being repaid through special assessments.

The Orange Place South Extension Bonds were issued in 2004 for \$1,687,000 and were sold at a discount. The bonds were issued for the improvement of a portion of Orange Place through sidewalk installation and various landscape and streetscape improvements. The bonds are being repaid in semiannual installments, including interest, over 20 years. The bonds are being repaid through special assessments.

**ORANGE VILLAGE  
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009  
(Continued)**

**7. DEBT (Continued)**

The Orange Place North Bonds were issued in 2006 for \$705,000 for the purpose of improving a portion of Orange Place by repaving, widening and installing sidewalks, curbs, landscaping and streetscaping. The bonds are being repaid in annual installments, including interest, over 20 years. The bonds are being repaid through special assessments.

The Ohio Public Works Commission (OPWC) loan – Orange Place North – was issued in 2005 for \$101,185. The loan is non-interest bearing and will be paid in semiannual installments over 20 years for the Orange Place North Reconstruction Project. The Village makes annual payments in the amount of \$ 5,059. The loan is being repaid through special assessments.

The OPWC loan – Harvard Road – was issued in 2002 for \$190,149. The loan is non-interest bearing and will be paid in semiannual installments over 20 years for the Harvard Road Improvement Project. The Village makes annual payments in the amount of \$9,507.

Ohio Water Development Authority (OWDA) Loan #3266 was issued in 2005 for \$1,072,180 and relates to sewer and stormwater construction for the Chagrin Highlands Project that began in 2005. The loan is being repaid in semiannual installments, including interest, over 20 years. The loan is being repaid through special assessments.

OWDA Loan #3271 was issued in 2005 for \$641,016 and relates to waterline construction for the Chagrin Highlands Project that began in 2005. The loan is being repaid in semiannual installments, including interest, over 20 years. The loan is being repaid through special assessments.

Cuyahoga County – Chagrin Highlands relates to an agreement entered into in 1999 between Cuyahoga County and the Village to construct the extension of Orange Place South to Harvard Road. The County issued \$1,711,000 of bonds in 2004 and the Village was required to issue special assessments on the benefiting properties to retire them. The bonds are being repaid in semiannual installments, including interest, over 20 years through special assessments.

Cuyahoga County – Miles Road relates to an agreement entered into in 1991 between Cuyahoga County and the Village to construct the Miles Road Sanitary Sewer Phase I project. The County issued \$2,430,000 of bonds in 1992 and the Village is obligated to pay its share (54.11%) of the principal and interest on the bonds. The remaining portion (45.89%) is being paid by the City of Solon. In 2003, the Village and Cuyahoga County amended their agreement, related to this project, allowing for the refunding of outstanding bonds through the issuance of \$1,500,000 of refunding bonds. The County issued these bonds in November 2003 in order to achieve present value debt service savings for both parties involved. The refunding bonds are being repaid in semiannual installments, including interest, over 9 years through tap-in fees, to the extent of collections.

The Emery Road Improvement Bonds were issued in 2007 for \$720,000 for the purpose of improving Emery Road by installing watermains and connections. The bonds are being repaid in annual installments, including interest, over 20 years. The bonds are being repaid through special assessments.

**ORANGE VILLAGE  
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009  
(Continued)**

**7. DEBT (Continued)**

Amortization of the above debt, including interest, follows:

Year ending December 31:	Village Hall Refunding Bonds	Lander Watermain	Orange Place South Extension Bonds	Orange Place North Bonds
2010	\$156,485	\$40,763	\$125,285	\$60,835
2011	157,130	39,550	128,415	59,635
2012	157,270	38,338	131,375	63,405
2013	156,950	37,125	128,938	61,935
2014	156,150	40,913	161,500	60,430
2015-2019		223,857	730,625	306,068
2020-2024			695,837	302,787
2025-2029				
Total	<u>\$783,985</u>	<u>\$420,546</u>	<u>\$2,101,975</u>	<u>\$915,095</u>

Year ending December 31:	OPWC Loan- Orange Place North	OPWC Loan - Harvard Rd.	OWDA Loan #3266	OWDA Loan # 3271
2010	\$5,059	\$9,507	\$95,869	\$57,317
2011	5,059	9,507	95,869	57,317
2012	5,059	9,507	95,869	57,317
2013	5,059	9,507	95,869	57,317
2014	5,059	9,507	95,869	57,317
2015-2019	25,297	47,540	479,346	286,583
2020-2024	25,297	14,262	479,346	286,583
2025-2029	5,059			
Total	<u>\$80,948</u>	<u>\$109,337</u>	<u>\$1,438,037</u>	<u>\$859,751</u>

Year ending December 31:	Cuyahoga County - Miles Road	Cuyahoga County - Chagrin Highlands	Emery Road Improvement	Totals
2010	\$104,301	\$136,525	\$56,567	\$848,513
2011	104,166	138,275	55,637	850,560
2012	103,657	134,775	59,707	856,279
2013		136,275	58,545	747,520
2014		137,525	57,383	781,653
2015-2019		690,375	307,973	3,097,664
2020-2024		684,000	333,550	2,821,662
2025-2029			188,700	193,759
Total	<u>\$312,124</u>	<u>\$2,057,750</u>	<u>\$1,118,062</u>	<u>\$10,197,610</u>

**ORANGE VILLAGE  
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009  
(Continued)**

**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. JOINT ECONOMIC DEVELOPMENT ZONE AGREEMENT**

The Joint Economic Development Zone Agreement was entered into pursuant to Ohio Revised Code Section 715.49 between the City of Cleveland, City of Warrensville Heights and Orange Village. The City of Cleveland owns property currently situated in the City of Warrensville Heights and Orange Village and desires to develop the property to create job opportunities as well as tax and other revenue. Orange Village is responsible for constructing improvements and providing municipal services. The three municipalities have agreed to share in the zone agreement income tax revenues generated from this agreement. The City of Cleveland, the City of Warrensville Heights and Orange Village will receive 37.5%, 12.5% and 50% respectively of the income tax revenue. During the fiscal year 2009, \$410,859 of gross zone agreement income tax revenue was collected, of which \$222,784 represents Orange Village's portion.

**This page intentionally left blank.**



# Mary Taylor, CPA

Auditor of State

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

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

To the Members of Village Council:

We have audited the financial statements of Orange Village, Cuyahoga County, (the Village) as of and for the year ended December 31, 2009, and have issued our report thereon dated November 9, 2010, wherein we noted the Village prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings, we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and timely corrected. We consider finding 2009-001 described in the accompanying schedule of findings to be a material weakness.

### **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, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated November 9, 2010.

The Village's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Village's response and, accordingly, we express no opinion on it.

We intend this report solely for the information and use of management, the audit committee, Village Council, and others within the Village. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

November 9, 2010

ORANGE VILLAGE  
CUYAHOGA COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2009

FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

FINDING NUMBER 2009-001

**Material Weakness**

**Financial Reporting**

Sound financial reporting is the responsibility of the management and Village Council and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

The following weaknesses were noted and subsequent adjustments were made to the financial statements and, where applicable, to the Village's accounting records for 2009:

- The Village improperly recorded Homestead and Rollback receipts into the General Fund that should have been posted to the Infrastructure Fund and Police Pension Fund in the amounts of \$81,848 and \$6,461, respectively.
- The Village failed to properly record transfers that were approved by Council in their accounting system. This caused transfers-in to be understated in the Infrastructure Fund and Debt Service Fund by \$1,602 and \$84,298, respectively, and caused transfers-out to be understated in the General Fund and Infrastructure Fund by \$1,602 and \$84,298, respectively.

The lack of controls over the posting of financial transactions and financial reporting can result in errors and irregularities that may go undetected and decreases the reliability of financial data throughout the year.

We recommend the Village review the Ohio Village Manual for guidance in the reporting of financial activity and improve their policies and procedures for controls over recording of financial transactions and over financial reporting to help ensure the information accurately reflects the activity of the Village and thereby increasing the reliability of the financial data throughout the year.

**Officials' Response:** The Village makes note of the above referenced material weakness, and has already or is in the process of making the necessary adjustments to remedy the aforementioned weaknesses.

**ORANGE VILLAGE  
CUYAHOGA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2009**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2008-001	The Village does not certify the availability of funds prior to entering into an obligation as required by Ohio Revised Code Section 5705.41(D)(1).	No	Partially Corrected – Repeated in 2009 Management Letter
2008-002	Several funds had total fund expenditures in excess of total appropriations contrary to Ohio Revised Code Section 5705.41(B).	No	Partially Corrected – Repeated in 2009 Management Letter
2008-003	Estate taxes must be credited to the General Fund as required by Ohio Revised Code Section 5731.48.	Yes	



**Mary Taylor, CPA**  
Auditor of State

**ORANGE VILLAGE**

**CUYAHOGA COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
DECEMBER 21, 2010**