

**VILLAGE OF ORIENT  
PICKAWAY COUNTY, OHIO**

*Financial Statements*  
**(Audited)**

For The Years Ended  
December 31, 2003 and 2002

**RHONDA BEAVERS, CLERK/TREASURER**





**Auditor of State  
Betty Montgomery**

Members of Council and Mayor  
Village of Orient  
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, 2002 through December 31, 2003. 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.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY  
Auditor of State

July 29, 2004

**This Page is Intentionally Left Blank.**

**VILLAGE OF ORIENT  
PICKAWAY COUNTY, OHIO**

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor's Report.....	1
Combined Statement of Fund Balances - All Fund Types - Cash Basis For the Years Ended December 31, 2003 and 2002.....	2
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Fund Balances - All Governmental Fund Types For the Year Ended December 31, 2003.....	3
Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Fund Balance - Proprietary Fund Type - For the Year Ended December 31, 2003.....	4
Combined Statement of Cash Receipts, Cash Disbursements, and Encumbrances Compared with Expenditure Authority - Budget and Actual - For the Year Ended December 31, 2003.....	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Fund Balances - All Governmental Fund Types For the Year Ended December 31, 2002.....	6
Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Fund Balance - Proprietary Fund Type - For the Year Ended December 31, 2002.....	7
Combined Statement of Cash Receipts, Cash Disbursements, and Encumbrances Compared with Expenditure Authority - Budget and Actual For the Year Ended December 31, 2002.....	8
Notes to the Financial Statements.....	9 - 14
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	15 - 16
Schedule of Findings.....	17 - 18
Schedule of Prior Audit Findings.....	19

**This Page is Intentionally Left Blank.**

# TRIMBLE, JULIAN & GRUBE, INC.

“SERVING OHIO LOCAL GOVERNMENTS”

1445 Worthington Woods Boulevard  
Suite B  
Worthington, Ohio 43085

Telephone 614.846.1899  
Facsimile 614.846.2799

## 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, 2003 and 2002. 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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As 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 accounting principles generally accepted in the United States of America.

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, 2003 and 2002, and its combined cash receipts and disbursements, combined budgeted and actual receipts and budgeted and actual disbursements and encumbrances 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 June 4, 2004, 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, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Trimble, Julian & Grube, Inc.  
June 4, 2004

**VILLAGE OF ORIENT  
PICKAWAY COUNTY, OHIO**

COMBINED STATEMENT OF FUND BALANCES  
ALL FUND TYPES - CASH BASIS  
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002

<u>Cash and Cash Equivalents</u>	<u>2003</u>	<u>2002</u>
Cash and Cash Equivalents	\$ 200,300	\$ 181,204
Total Cash and Cash Equivalents	<u>\$ 200,300</u>	<u>\$ 181,204</u>
 <u>Fund Balances</u>		
<u>Governmental Fund Types:</u>		
General Fund	\$ 16,391	\$ 23,602
Special Revenue Fund	<u>122,284</u>	<u>88,247</u>
Total Governmental Fund Types	<u>138,675</u>	<u>111,849</u>
 <u>Proprietary Fund Type:</u>		
Enterprise Fund	<u>61,625</u>	<u>69,355</u>
Total Fund Balances	<u>\$ 200,300</u>	<u>\$ 181,204</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 - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Governmental Fund Types</u>		Total (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash receipts:			
Local taxes	\$ 6,101	\$ 2,919	\$ 9,020
Intergovernmental	25,693	44,672	70,365
Licenses and permits	332	-	332
Interest	1,717	131	1,848
Total cash receipts	<u>33,843</u>	<u>47,722</u>	<u>81,565</u>
Cash disbursements:			
Current:			
Security of persons and property	6,244	-	6,244
Leisure time activities	265	-	265
Community environment	519	-	519
Basic utility services	12,396	-	12,396
Transportation	-	13,685	13,685
General government	21,630	-	21,630
Total cash disbursements	<u>41,054</u>	<u>13,685</u>	<u>54,739</u>
Total cash receipts over/(under) cash disbursements	(7,211)	34,037	26,826
Cash fund balances, January 1, 2003	<u>23,602</u>	<u>88,247</u>	<u>111,849</u>
Cash fund balances, December 31, 2003	<u>\$ 16,391</u>	<u>\$ 122,284</u>	<u>\$ 138,675</u>

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

**VILLAGE OF ORIENT  
PICKAWAY COUNTY, OHIO**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
AND CHANGES IN CASH FUND BALANCE - PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2003

	Proprietary Fund Type
	Enterprise
Operating cash receipts:	
Charges for services	\$ 16,751
Operating cash disbursements:	
Contractual services	24,010
Supplies and materials	471
Total operating cash disbursements	24,481
Operating (loss)	(7,730)
Cash fund balance, January 1, 2003	69,355
Cash fund balance, December 31, 2003	\$ 61,625

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 ENCUMBRANCES COMPARED WITH EXPENDITURE  
AUTHORITY - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2003

Fund Types	Receipts					Disbursements						
	County Certified Unencumbered Cash	Budget	Total Estimated Resources	Actual 2003 Receipts	Variance Favorable (Unfavorable)	Prior Year Carryover Appropriations	2003 Appropriations	Total	Actual 2003 Disbursements	Encumbrances Outstanding at 12/31/03	Total	Variance Favorable (Unfavorable)
Governmental:												
General	\$ 22,544	\$ 35,750	\$ 58,294	\$ 33,843	\$ (1,907)	\$ -	\$ 58,294	\$ 58,294	\$ 41,054	\$ -	\$ 41,054	\$ 17,240
Special Revenue	84,167	42,281	126,448	47,722	5,441	-	126,448	126,448	13,685	-	13,685	112,763
Proprietary:												
Enterprise	<u>63,936</u>	<u>16,200</u>	<u>80,136</u>	<u>16,751</u>	<u>551</u>	<u>-</u>	<u>80,136</u>	<u>80,136</u>	<u>24,481</u>	<u>2,000</u>	<u>26,481</u>	<u>53,655</u>
Total (Memorandum Only)	<u>\$ 170,647</u>	<u>\$ 94,231</u>	<u>\$ 264,878</u>	<u>\$ 98,316</u>	<u>\$ 4,085</u>	<u>\$ -</u>	<u>\$ 264,878</u>	<u>\$ 264,878</u>	<u>\$ 79,220</u>	<u>\$ 2,000</u>	<u>\$ 81,220</u>	<u>\$ 183,658</u>

5

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, 2002

	<u>Governmental Fund Types</u>		Total (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash receipts:			
Local taxes	\$ 6,024	\$ 3,025	\$ 9,049
Intergovernmental	25,519	38,954	64,473
Licenses and permits	299	-	299
Interest	1,609	489	2,098
Miscellaneous	40	-	40
Total cash receipts	<u>33,491</u>	<u>42,468</u>	<u>75,959</u>
Cash disbursements:			
Current:			
Security of persons and property	5,906	-	5,906
Public health services	193	-	193
Leisure time activities	2,740	-	2,740
Community environment	4,690	-	4,690
Transportation	20,035	43,342	63,377
General government	23,351	-	23,351
Total cash disbursements	<u>56,915</u>	<u>43,342</u>	<u>100,257</u>
Total cash receipts (under) cash disbursements	(23,424)	(874)	(24,298)
Cash fund balances, January 1, 2002	<u>47,026</u>	<u>89,121</u>	<u>136,147</u>
Cash fund balances, December 31, 2002	<u>\$ 23,602</u>	<u>\$ 88,247</u>	<u>\$ 111,849</u>

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

**VILLAGE OF ORIENT  
PICKAWAY COUNTY, OHIO**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
AND CHANGES IN CASH FUND BALANCE - PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2002

	Proprietary Fund Type
	Enterprise
Operating cash receipts:	
Charges for services	\$ 16,604
Operating cash disbursements:	
Contractual services	32,104
Supplies and materials	277
Total operating cash disbursements	32,381
Operating (loss)	(15,777)
Cash fund balance, January 1, 2002	85,132
Cash fund balance, December 31, 2002	\$ 69,355

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 ENCUMBRANCES COMPARED WITH EXPENDITURE  
AUTHORITY - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2002

Fund Types	Receipts					Disbursements						
	County Certified Unencumbered Cash	Budget	Total Estimated Resources	Actual 2002 Receipts	Variance Favorable (Unfavorable)	Prior Year Carryover Appropriations	2002 Appropriations	Total	Actual 2002 Disbursements	Encumbrances Outstanding at 12/31/02	Total	Variance Favorable (Unfavorable)
Governmental:												
General	\$ 55,395	\$ 37,250	\$ 92,645	\$ 33,491	\$ (3,759)	\$ 304	\$ 80,038	\$ 80,342	\$ 56,915	\$ -	\$ 56,915	\$ 23,427
Special Revenue	29,920	42,280	72,200	42,468	188	55,723	50,500	106,223	43,342	-	43,342	62,881
Proprietary:												
Enterprise	79,714	20,375	100,089	16,604	(3,771)	-	67,150	67,150	32,381	-	32,381	34,769
(Memorandum Only)	\$ 165,029	\$ 99,905	\$ 264,934	\$ 92,563	\$ (7,342)	\$ 56,027	\$ 197,688	\$ 253,715	\$ 132,638	\$ -	\$ 132,638	\$ 121,077

8

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, 2003 AND 2002

**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 construction, 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 Funds**

These funds are 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, 2003 AND 2002

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

The Village had the following 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 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, except Agency funds. 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, 2003 AND 2002

**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. 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. The Village had outstanding encumbrances at December 31, 2003.

**VILLAGE OF ORIENT  
PICKAWAY COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002

**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.

**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 \$1,848 and \$2,098 for the years ended December 31, 2003 and 2002, 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 and grants awarded on a non-reimbursable basis 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, 2003 AND 2002

**NOTE 3 - COMPLIANCE**

In noncompliance with Ohio Revised Code Section 5705.41 (B), the following funds had expenditures in excess of appropriations for the year ended December 31, 2002:

<u>Fund Type/Fund/Line Item</u>	<u>Excess</u>
<u>General Fund</u>	
Community Environment:	
Other Contractual Services	\$ 4,690
General Government:	
Other Contractual Services	1,304
<u>Enterprise Fund Type</u>	
Sewer:	
Water and Sewage	6,740

The Village did not properly encumber all commitments required by Ohio law contrary to Section 5705.41 (D), Ohio Revised Code for 2003 and 2002.

**NOTE 4 - EQUITY IN POOLED CASH & CASH EQUIVALENTS**

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

	<u>2003</u>	<u>2002</u>
Deposits	\$ 180,583	\$ 161,712
Certificates of deposit	<u>19,717</u>	<u>19,492</u>
Total cash and cash equivalents	<u>\$ 200,300</u>	<u>\$ 181,204</u>

Deposits: Deposits are either (1) insured by Federal Deposit Insurance Corporation, or (2) collateralized by securities specifically pledged by the financial institution to the Village.

**VILLAGE OF ORIENT  
PICKAWAY COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002**

**NOTE 5 - 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.

**NOTE 6 - RISK MANAGEMENT**

The Village has obtained commercial insurance for the following risks:

- Employee dishonesty bond
- Comprehensive property and general liability
- Errors and omissions

**NOTE 7 - CONTINGENT LIABILITY**

LITIGATION

The Village is currently not involved in litigation.

# TRIMBLE, JULIAN & GRUBE, INC.

“SERVING OHIO LOCAL GOVERNMENTS”

1445 Worthington Woods Boulevard  
Suite B  
Worthington, Ohio 43085

Telephone 614.846.1899  
Facsimile 614.846.2799

## **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, 2003 and 2002, and have issued our report thereon dated June 4, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether the Village 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* located in Schedule of Findings as items 2003-VOO-001 and 2003-VOO-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village of Orient in a separate letter dated June 4, 2004.

Members of Council and Mayor  
Village of Orient, Pickaway County

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the Village's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable conditions is described in the accompanying Schedule of Findings as item 2003-VOO-003.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report that we have reported to the management of the Village in a separate letter dated June 4, 2004.

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

Trimble, Julian & Grube, Inc.  
June 4, 2004

**VILLAGE OF ORIENT  
PICKAWAY COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2003 AND 2002**

<b>1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>	
Finding Number	2003-VOO-001

Ohio Revised Code Section 5705.41(B) requires in part that no subdivision is to expend monies unless it has been appropriated.

It was noted during the audit that the Village had expenditures in excess of appropriations for the year ended December 31, 2002 in the following funds:

<u>Fund Type/Fund/Line Item</u>	<u>Excess</u>
<u>General Fund</u>	
Community Environment:	
Other Contractual Services	\$ 4,690
General Government:	
Other Contractual Services	1,304
<u>Enterprise Fund Type</u>	
Sewer:	
Water and Sewage	6,740

The Village is expending monies that have not been appropriated by the Members of Council. This could result in unnecessary purchases or fund deficits.

We recommend that the Village comply with the Ohio Revised Code and Auditor of State Bulletin 97-010 by monitoring expenditures so they do not exceed lawful appropriations. This may be achieved by monitoring the budget more closely on a continual basis and making appropriation amendments as necessary.

**VILLAGE OF ORIENT  
PICKAWAY COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2003 AND 2002**

<b>1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>	
Finding Number	2003-VOO-002

Ohio Revised Code Section 5705.41 (D) requires that no orders or contracts involving the expenditure of monies are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

It was noted during the audit that 26% and 88% of expenditures by the Village were not certified prior to the purchases being made for the years ended December 31, 2003 and 2002, respectively.

Without timely certification, the Village may expend more funds than available in the treasury and/or in the process of collection, or than funds appropriated. By not properly completing purchase orders prior to purchases being made, the Village is approving the purchase after the fact. This may result in unnecessary purchases or purchases not for public purpose.

We recommend that the Village establish a policy which includes required procedures regarding purchases. This policy should include the responsibilities of each employee involved in the purchase and corrective actions which the Village will take for noncompliance with the policy. We also recommend that the Village refer to Auditor of State Bulletin 98-004 for using "Super" blanket certificates for recurring expenditures such as utilities.

Finding Number	2003-VOO-003
----------------	--------------

It was noted during the audit that for the year ended December 31, 2002, the Village did not maintain proper support for checks written. We noted several instances where the Clerk/Treasurer processed and paid disbursements although there were no invoices, contracts, or other support attached to the voucher. Thus, a tracking system does not exist to ensure that the disbursement is allowable and that each invoice or contract is paid only one time. We used alternative auditing procedures to substantiate the instances we noted. We recommend that the Village establish and enforce a policy that requires all supporting documents to be submitted to the Clerk/Treasurer and Council (if necessary) before a check is prepared and issued to a vendor.



**VILLAGE OF ORIENT  
PICKAWAY COUNTY, OHIO**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2003 AND 2002**

<b><u>Finding Number</u></b>	<b><u>Finding Summary</u></b>	<b><u>Fully Corrected?</u></b>	<b><u>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:</u></b>
2002-VOO-001	Ohio Revised Code Section 5705.41 (D) requires that no orders or contracts involving the expenditure of monies are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.	No	The Village is attempting to date purchase orders and evidence date certified.





**Auditor of State  
Betty Montgomery**

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140

Telephone 614-466-4514  
800-282-0370

Facsimile 614-466-4490

**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.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
AUGUST 17, 2004**