Dave Yost • Auditor of State

MANAGEMENT LETTER

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

To the Village Council:

We have audited the financial statements of Orange Village, Cuyahoga County, Ohio (the Village) in accordance with *Government Auditing Standards*, as of and for the years ended December 31, 2013 and 2012, and have issued our report thereon dated October 16, 2014.

Government Auditing Standards require us to report significant internal control deficiencies, fraud, (including noncompliance with laws and regulations), and also abuse and noncompliance with contracts and grant agreements that could directly and materially affect the determination of financial statement amounts. We have issued the required report dated October 16, 2014, for the years ended December 31, 2013 and 2012.

We are also submitting the following comments for your consideration regarding the Village's compliance with applicable laws, regulations, grant agreements, contract provisions, and internal control. These comments reflect matters that do not require inclusion in the *Government Auditing Standards* report. Nevertheless, these comments represent matters for which we believe improvements in compliance or internal controls or operational efficiencies might be achieved. Due to the limited nature of our audit, we have not fully assessed the cost-benefit relationship of implementing these recommendations. However, these comments reflect our continuing desire to assist your Village. The comment with an asterisk (*) denotes a comment that was previously reported to management in the 2010-2011 audit for which corrective action has not been taken. If you have questions or concerns regarding these comments please contact your regional Auditor of State office.

Noncompliance Finding

Negative Cash Fund Balances

Ohio Rev. Code §5705.10(I) states that money paid into a fund must be used only for the purposes for which such fund has been established. The existence of a deficit balance in any fund indicates that money from another fund or funds has been used to pay the obligations of the fund carrying the deficit balance.

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Noncompliance Finding
(Continued)

Negative Cash Fund Balances (Continued)

The Village had the following negative fund balances during 2013 and 2012:

- The Police Professional Fund had a negative cash fund balance of $117 as of December 31, 2013. This negative cash fund balanace existed in every month in 2013 beginning in February;
- The Police Pension Fund had negative cash fund balances of $30,950 and $3,661 as of September 30 and June 30, 2013, respectively; and
- The Capital Equipment Fund had negative cash fund balances of $16,678 and $14,430 as of June 30, 2013 and September 30, 2012, respectively.

The negative cash fund balances resulted in deficit spending for periods during each year.

We recommend the Village review the activities of these funds periodically to help ensure adequate fund balances are maintained and to help ensure monies paid into a fund are used for the purposes for which the fund is established.

Recommendation

Accounting System Updates *

Revenue and expense ledgers should be updated for any adjustments to the estimated resources and for any appropriation amendments throughout the year. At December 31, 2013 and 2012, the revenue and expense ledgers were not in agreement with the Village's official amended certificate of estimated resources and appropriations for several funds/line items.

By not updating the revenue and expense ledgers timely, budgetary reports from the Village's system could be misleading and inaccurate.

We recommend the Village update the accounting system ledgers timely to include all budgetary amendments so the system reflects the most updated amended certificate of estimated resources and appropriation amendments.

We intend this report for the information and use of the governing board, audit committee and management.

Dave Yost
Auditor of State
Columbus, Ohio

October 16, 2014