



Mary Taylor, CPA
Auditor of State

**VILLAGE OF HUNTING VALLEY
CUYAHOGA COUNTY**

TABLE OF CONTENTS

Title	Page
Independent Accountants' Report	1
Management's Discussion and Analysis	3
Basic Financial Statements	
Government-wide Financial Statements – Fiscal Year 2007:	
Statement of Net Assets – Modified Cash Basis	9
Statement of Activities – Modified Cash Basis	10
Fund Financial Statements – Fiscal Year 2007:	
Statement of Modified Cash Basis Assets and Fund Balances – Governmental Funds	11
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities	12
Statement of Cash Receipts, Disbursements, and Changes in Modified Cash Basis Fund Balances – Governmental Funds	13
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	14
Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual – Budget Basis – General Fund	15
Statement of Fiduciary Net Assets – Modified Cash Basis	16
Government-wide Financial Statements – Fiscal Year 2006:	
Statement of Net Assets – Modified Cash Basis	17
Statement of Activities – Modified Cash Basis	18
Fund Financial Statements – Fiscal Year 2006:	
Statement of Modified Cash Basis Assets and Fund Balances – Governmental Funds	19
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities	20
Statement of Cash Receipts, Disbursements, and Changes in Modified Cash Basis Fund Balances – Governmental Funds	21
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	22
Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual – Budget Basis – General Fund	23
Statement of Fiduciary Net Assets – Modified Cash Basis	24
Notes to the Basic Financial Statements	25
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	41

This page intentionally left blank.



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Village of Hunting Valley
Cuyahoga County
38251 Fairmount Blvd.
Chagrin Falls, Ohio 44022

To the Village Council:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Hunting Valley, Cuyahoga County, Ohio (the Village) as of and for the years ended December 31, 2007 and December 31, 2006, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express opinions 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 opinions.

As discussed in Note 2, the accompanying financial statements and notes follow the modified cash accounting basis. This is a comprehensive accounting basis 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 respective modified cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Hunting Valley, Cuyahoga County, Ohio, as of December 31, 2007 and December 31, 2006, and the respective changes in modified cash financial position and the respective budgetary comparison for the General fund thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2008, 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.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Mary Taylor, CPA
Auditor of State

October 23, 2008

Village of Hunting Valley
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and December 31, 2006
Unaudited

This discussion and analysis of the financial performance of the Village of Hunting Valley, Cuyahoga County, Ohio (the Village) provides an overall review of the Village's financial activities for the years ended December 31, 2007 and December 31, 2006 within the limitations of the Village's modified cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Village's financial performance.

Highlights

Key highlights are as follows:

In 2007, net assets of governmental activities decreased \$209,633, or 1.14 percent. This decrease followed an increase of \$956,237, 5.48 percent, in 2006. The Village's general receipts are primarily proceeds of notes, intergovernmental revenue, interest, and property taxes. Nearly all categories of revenue and disbursement were consistent in 2007 and 2006. The difference in results between the two years is explained by the change in intergovernmental receipts, primarily estate taxes, from 2006 to 2007. In 2007 intergovernmental receipts amounted to \$1,228,310 and in 2006 were \$2,503,104.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Village's modified cash basis of accounting.

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the Village as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Village as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the Village-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Village has elected to present its financial statements on a modified cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Village's modified cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the modified cash basis of accounting.

Reporting the Village as a Whole

The statement of net assets and the statement of activities reflect how the Village did financially during 2007 and 2006, within the limitations of modified cash basis accounting. The statements of net assets present the cash balances and investments of the governmental activities of the Village at the end of each year. The statements of activities compare cash disbursements with program receipts for each governmental program. Program cash receipts include charges paid by the recipient of the program's services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Village's general receipts.

These statements report the Village's cash position and the changes in cash position. Keeping in mind the limitations of the modified cash basis of accounting, you can think of these changes as one way to measure the Village's financial health. Over time, increases or decreases in the Village's cash position is one indicator of whether the Village's financial health is improving or deteriorating. When evaluating the Village's financial condition, you should also consider other nonfinancial factors as well such as the Village's property tax base, the condition of the Village's capital assets and infrastructure, the extent of the Village's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property taxes.

In the statements of net assets and the statements of activities, we describe the Village's activities in the following way:

Governmental activities. Most of the Village's basic services are reported here. These include safety, streets and parks. State grants and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Reporting the Village's Most Significant Funds

Fund financial statements provide detailed information about the Village's major funds – not the Village as a whole. The Village establishes separate funds to better manage its activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Village are split into two categories: governmental and fiduciary.

Governmental Funds - Most of the Village's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Village's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Village's programs. The Village's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Village's major governmental funds are the General Fund and the Debt Service Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements. We describe this relationship in reconciliations presented with the governmental fund financial statements.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the Village. Fiduciary funds are not reflected on the Village-wide financial statements because the resources of these funds are not available to support the Village's programs.

Village of Hunting Valley
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and December 31, 2006
Unaudited
(Continued)

The Village as a Whole

Table 1 provides a summary of the Village's net assets for 2007 and 2006 compared to 2005 on a modified cash basis:

(Table 1)

Net Assets

	Governmental Activities		
	2007	2006	2005
Assets			
Cash and Cash Equivalents	\$9,753,461	\$16,505,879	\$15,595,179
Investments	8,450,732	1,907,947	1,862,410
Total Assets	<u>\$18,204,193</u>	<u>\$18,413,826</u>	<u>\$17,457,589</u>
Net Assets			
Restricted for:			
Debt Service	\$3,823	\$10,933	\$43,743
Other Purposes	12,972	5,769	14,536
Unrestricted	18,187,398	18,397,124	17,399,310
Total Net Assets	<u>\$18,204,193</u>	<u>\$18,413,826</u>	<u>\$17,457,589</u>

As mentioned previously, net assets of governmental activities decreased \$209,633 or 1.14 percent during 2007. The primary reason for the decrease in cash balance is a reduction in intergovernmental receipts of \$1,274,440 partly offset by an increase in interest receipts of \$317,259. Similarly, net assets from governmental activities increased \$956,237, 5.48% in 2006 due mainly to an increase in intergovernmental receipts of \$1,194,557.

Village of Hunting Valley
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and December 31, 2006
Unaudited
(Continued)

Table 2 reflects components of the changes in net assets in 2007 and 2006.

(Table 2)
Changes in Net Assets

	Governmental Activities		
	2007	2006	2005
Receipts:			
Program Receipts:			
Charges for Services and Sales	\$127,558	\$146,403	\$167,712
Operating Grants and Contributions	38,422	38,068	33,346
Capital Grants and Contributions	0	0	40,776
Total Program Receipts	<u>165,980</u>	<u>184,471</u>	<u>241,834</u>
General Receipts:			
Property and Other Local Taxes	643,017	562,510	583,336
Income Taxes	0	18	8
Grants and Entitlements Not Restricted to Specific Programs	1,228,310	2,503,104	1,272,493
Interest	1,035,218	717,959	513,968
Notes Issued, including premium	4,252,890	4,517,190	4,773,845
Miscellaneous	182,736	128,060	166,919
Total General Receipts	<u>7,342,171</u>	<u>8,428,841</u>	<u>7,310,569</u>
Total Receipts	<u>7,508,151</u>	<u>8,613,312</u>	<u>7,552,403</u>
Disbursements:			
General Government	685,724	722,205	776,028
Security of Persons and Property:	1,363,563	1,169,995	1,181,947
Public Health Services	1,911	1,761	21,412
Community Environment	187,843	191,892	230,160
Basic Utilities	20,790	20,048	0
Transportation	478,861	407,596	506,727
Capital Outlay	287,842	215,453	2,458,418
Principal Retirement	4,500,000	4,750,000	4,750,000
Interest and Fiscal Charges	191,250	178,125	106,875
Total Disbursements	<u>7,717,784</u>	<u>7,657,075</u>	<u>10,031,567</u>
Increase (Decrease) in Net Assets	(209,633)	956,237	(2,479,164)
Net Assets, beginning of year	18,413,826	17,457,589	19,936,753
Net Assets, end of year	<u>\$18,204,193</u>	<u>\$18,413,826</u>	<u>\$17,457,589</u>

Program receipts represent only 2.21 percent in 2007 and 2.14 percent in 2006 of total receipts. They are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money, snowplowing fees, building permits and inspection fees.

General receipts represent 97.79 percent in 2007 and 97.86 percent in 2006 of the Village's total receipts, and of those amounts only 8.76 percent in 2007 and 6.67 percent in 2006 are local taxes. Unrestricted state grants and entitlements, investment income and proceeds from notes issued constitute the remainder of the Village's general receipts. Other receipts are insignificant revenue sources for the Village.

Village of Hunting Valley
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and December 31, 2006
Unaudited
(Continued)

Disbursements for General Government represent the overhead costs of running the Village and the support services provided for the other Village activities. These include the costs of Council; the Mayor's office and Finance Department and maintaining the Village Hall and police station.

Security of Persons and Property are the costs of police and fire protection; Public Health Services represent the Village cemetery costs; Community Environment includes the Building Inspection department and the costs of maintaining Village-owned property; and Transportation is the cost of maintaining the roads.

Governmental Activities

If you look at the Statements of Activities on page 10 and page 18, you will see that the first column of each lists the major services provided by the Village. The second column identifies the costs of providing these services. Excluding Debt Service, the major program disbursements for governmental activities are for security of persons and property, general government, and transportation. The next three columns of each statement, entitled Program Cash Receipts, identify amounts paid by people who are directly charged for the service and grants received by the Village that must be used to provide a specific service. The net (Disbursements) Receipts and Changes in Net Assets columns show "net costs", amounts that represent the cost of each service funded by money from local taxpayers and other sources. General Receipts, presented at the bottom of each statement, show those receipts by source. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)
Governmental Activities

	Total Cost of Services 2007	Net Cost of Services 2007	Total Cost of Services 2006	Net Cost of Services 2006
General Government	\$685,724	\$685,724	\$722,205	\$722,205
Security of Persons and Property	1,363,563	1,363,563	1,169,995	1,169,995
Public Health Services	1,911	1,911	1,761	1,761
Community Environment	187,843	123,566	191,892	95,324
Basic Utilities	20,790	20,790	20,048	20,048
Transportation	478,861	377,158	407,596	319,693
Capital Outlay	287,842	287,842	215,453	215,453
Principal Retirement	4,500,000	4,500,000	4,750,000	4,750,000
Interest and Fiscal Charges	191,250	191,250	178,125	178,125
Total Expenses	<u>\$7,717,784</u>	<u>\$7,551,804</u>	<u>\$7,657,075</u>	<u>\$7,472,604</u>

The dependence upon revenue sources other than property and income tax receipts is apparent as over 97 percent of governmental activities are supported through these general receipts for 2007 and 2006.

The Village's Funds

In 2007, total governmental funds had receipts of \$3,255,261 and other financing sources of \$4,492,890, and disbursements of \$7,717,784 and other financing uses of \$240,000. In 2006, total governmental funds had receipts of \$4,096,122 and other financing sources of \$4,717,190, and disbursements of \$7,657,065 and other financing uses of \$200,000. The activity in governmental funds occurred mostly within the General Fund and the Debt Service fund in both 2007 and 2006. In 2007, the fund balance of the General Fund decreased \$209,726 as the result of a decrease in intergovernmental receipts. Conversely, in 2006, the fund balance of the General Fund increased \$997,814 due to an increase in intergovernmental receipts.

Village of Hunting Valley
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and December 31, 2006
Unaudited
(Continued)

General Fund Budgeting Highlights

The Village's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During 2007 and 2006, the Village did not amend its General Fund budget. In 2007, actual receipts were 12.63 percent above final budgeted receipts. In 2006, actual receipts were 57.47 percent above final budgeted receipts due to unexpected intergovernmental receipts.

In 2007, final disbursements were budgeted at \$9,760,000 while actual disbursements were \$3,389,014. In 2006, final disbursements were budgeted at \$19,970,000 and actual disbursements were \$3,060,240. It is Village policy to appropriate (budget) aggressively to provide for all contingencies. It controls its expenses by comparing to an operating budget, which is not related to appropriations, on a monthly basis.

Capital Assets and Debt Administration

Capital Assets

The Village does not currently keep track of its capital assets and infrastructure on the books. It maintains complete records of those assets in the finance department. The Village's main capital assets are conservancies and other land in which it has an ownership interest within the Village.

Debt

At December 31, 2007 and at December 31, 2006, the Village's outstanding debt included \$4,250,000 and \$4,500,000, respectively, in bond anticipation notes issued for construction of a Village Hall in 2002. For further information regarding the Village's debt, refer to Note 10 to the basic financial statements.

Current Issues

Unlike many Villages, Hunting Valley is fortunate to have sufficient reserves to contribute to its annual spending for operations, infrastructure and capital assets. It considers land conservation investments as opportunities within the Village arise. Hunting Valley has continued to study its infrastructure, particularly municipal water distribution and roads. In 2007, it obtained a \$372,000 loan commitment from the Ohio Public Works Commission and additional funding commitment from the Cleveland Water Department to replace the Daisy Hill water mains. Construction began in late 2008. No disbursements have yet been made.

Contacting the Village's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Village's finances and to reflect the Village's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Anthony M. Gentile, Jr., Deputy Finance Director, Village of Hunting Valley, 38251 Fairmount Blvd., Chagrin Falls, Ohio 44022-6690.

VILLAGE OF HUNTING VALLEY
CUYAHOGA COUNTY
Statement of Net Assets - Modified Cash Basis
December 31, 2007

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$9,753,461
Investments	8,450,732
<i>Total Assets</i>	\$18,204,193
 Net Assets	
Restricted for:	
Debt Service	\$3,823
Other Purposes	12,972
Unrestricted	18,187,398
<i>Total Net Assets</i>	\$18,204,193

See accompanying notes to the basic financial statements

VILLAGE OF HUNTING VALLEY
CUYAHOGA COUNTY
Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2007

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
General Government	\$685,724	\$0	\$0	(\$685,724)
Security of Persons and Property	1,363,563	0	0	(1,363,563)
Public Health Services	1,911	0	0	(1,911)
Community Environment	187,843	64,277	0	(123,566)
Basic Utility Services	20,790	0	0	(20,790)
Transportation	478,861	63,281	38,422	(377,158)
Capital Outlay	287,842	0	0	(287,842)
Redemption of Principal	4,500,000	0	0	(4,500,000)
Interest and Fiscal Charges	191,250	0	0	(191,250)
<i>Total Governmental Activities</i>	<u>\$7,717,784</u>	<u>\$127,558</u>	<u>\$38,422</u>	<u>(7,551,804)</u>
		General Receipts		
		Property Taxes Levied for:		
		General Purposes		605,466
		Police Pension		37,551
		Grants and Entitlements not		
		Restricted to Specific Programs		1,228,310
		Notes Issued		4,250,000
		Premium on Debt Issue		2,890
		Interest		1,035,218
		Miscellaneous		182,736
		<i>Total General Receipts</i>		7,342,171
		Change in Net Assets		(209,633)
		<i>Net Assets Beginning of Year</i>		18,413,826
		<i>Net Assets End of Year</i>		<u>\$18,204,193</u>

See accompanying notes to the basic financial statements

VILLAGE OF HUNTING VALLEY
CUYAHOGA COUNTY
Statement of Modified Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2007

	<u>General</u>	<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Equity in Pooled Cash and Cash Equivalents	\$9,736,666	\$3,823	\$12,972	\$9,753,461
Investments	8,450,732	0	0	8,450,732
<i>Total Assets</i>	<u>\$18,187,398</u>	<u>\$3,823</u>	<u>\$12,972</u>	<u>\$18,204,193</u>
Fund Balances				
Unreserved:				
Undesignated (Deficit), Reported in:				
General Fund	\$18,187,398	\$0	\$0	\$18,187,398
Special Revenue Funds	0	0	12,972	12,972
Debt Service Fund	0	3,823	0	3,823
<i>Total Fund Balances</i>	<u>\$18,187,398</u>	<u>\$3,823</u>	<u>\$12,972</u>	<u>\$18,204,193</u>

See accompanying notes to the basic financial statements

VILLAGE OF HUNTING VALLEY
CUYAHOGA COUNTY
Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
December 31, 2007

Total Governmental Fund Balances	<u>\$18,204,193</u>
<i>Net Assets of Governmental Activities</i>	<u>\$18,204,193</u>

See accompanying notes to the basic financial statements

**VILLAGE OF HUNTING VALLEY
CUYAHOGA COUNTY**

*Statement of Cash Receipts, Disbursements and Changes in Modified-Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2007*

	General	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Receipts				
Property and Other Local Taxes	\$605,466	\$0	\$37,551	\$643,017
Charges for Services	63,281	0	0	63,281
Fines, Licenses and Permits	64,277	0	0	64,277
Intergovernmental	1,228,310	0	38,422	1,266,732
Interest	1,035,218	0	0	1,035,218
Miscellaneous	182,736	0	0	182,736
<i>Total Receipts</i>	<u>3,179,288</u>	<u>0</u>	<u>75,973</u>	<u>3,255,261</u>
Disbursements				
Current:				
General Government	685,724	0	0	685,724
Security of Persons and Property	1,333,563	0	30,000	1,363,563
Public Health Services	1,911	0	0	1,911
Community Environment	187,843	0	0	187,843
Basic Utility Services	20,790	0	0	20,790
Transportation	440,091	0	38,770	478,861
Capital Outlay	287,842	0	0	287,842
Debt Service:				
Principal Retirement	0	4,500,000	0	4,500,000
Interest and Fiscal Charges	191,250	0	0	191,250
<i>Total Disbursements</i>	<u>3,149,014</u>	<u>4,500,000</u>	<u>68,770</u>	<u>7,717,784</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>30,274</u>	<u>(4,500,000)</u>	<u>7,203</u>	<u>(4,462,523)</u>
Other Financing Sources (Uses)				
Notes Issued	0	4,250,000	0	4,250,000
Premium on Debt Issue	0	2,890	0	2,890
Transfers In	0	240,000	0	240,000
Transfers Out	(240,000)	0	0	(240,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(240,000)</u>	<u>4,492,890</u>	<u>0</u>	<u>4,252,890</u>
<i>Net Change in Fund Balances</i>	(209,726)	(7,110)	7,203	(209,633)
<i>Fund Balances Beginning of Year</i>	<u>18,397,124</u>	<u>10,933</u>	<u>5,769</u>	<u>18,413,826</u>
<i>Fund Balances End of Year</i>	<u>\$18,187,398</u>	<u>\$3,823</u>	<u>\$12,972</u>	<u>\$18,204,193</u>

See accompanying notes to the basic financial statements

**VILLAGE OF HUNTING VALLEY
CUYAHOGA COUNTY**

*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended December 31, 2007*

Net Change in Fund Balances - Total Governmental Funds	<u>(\$209,633)</u>
<i>Change in Net Assets of Governmental Activities</i>	<u>(\$209,633)</u>

See accompanying notes to the basic financial statements

VILLAGE OF HUNTING VALLEY
CUYAHOGA COUNTY
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2007

	Budgeted Amounts		
	Original	Final	Actual
Receipts			
Property and Other Local Taxes	\$659,330	\$659,330	\$605,466
Charges for Services	54,000	54,000	63,281
Fines, Licenses, and Permits	96,000	96,000	64,277
Intergovernmental	1,050,000	1,050,000	1,228,310
Interest	900,000	900,000	1,035,218
Other	63,380	63,380	182,736
<i>Total receipts</i>	<u>2,822,710</u>	<u>2,822,710</u>	<u>3,179,288</u>
Disbursements			
Current:			
General Government	1,935,000	1,935,000	685,724
Security of Persons and Property	2,150,000	2,150,000	1,333,563
Public Health Services	25,000	25,000	1,911
Community Environment	350,000	350,000	187,843
Basic Utility Services	25,000	25,000	20,790
Transportation	625,000	625,000	440,091
Capital Outlay	4,200,000	4,200,000	287,842
Debt Service:			
Interest and Fiscal Charges	200,000	200,000	191,250
<i>Total Disbursements</i>	<u>9,510,000</u>	<u>9,510,000</u>	<u>3,149,014</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(6,687,290)</u>	<u>(6,687,290)</u>	<u>30,274</u>
Other Financing Sources (Uses)			
Transfers Out	(250,000)	(250,000)	(240,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(250,000)</u>	<u>(250,000)</u>	<u>(240,000)</u>
<i>Net Change in Fund Balance</i>	(6,937,290)	(6,937,290)	(209,726)
<i>Fund Balance Beginning of Year</i>	<u>18,397,124</u>	<u>18,397,124</u>	<u>18,397,124</u>
<i>Fund Balance End of Year</i>	<u>\$11,459,834</u>	<u>\$11,459,834</u>	<u>\$18,187,398</u>

VILLAGE OF HUNTING VALLEY
CUYAHOGA COUNTY
Statement of Fiduciary Net Assets - Modified Cash Basis
Fiduciary Funds
December 31, 2007

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$208,183
<i>Total Assets</i>	<u>\$208,183</u>
Net Assets	
Unrestricted	<u>\$208,183</u>

See accompanying notes to the basic financial statements

VILLAGE OF HUNTING VALLEY
CUYAHOGA COUNTY
Statement of Net Assets - Modified Cash Basis
December 31, 2006

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$16,505,879
Investments	<u>1,907,947</u>
<i>Total Assets</i>	<u><u>\$18,413,826</u></u>
Net Assets	
Restricted for:	
Debt Service	\$10,933
Other Purposes	5,769
Unrestricted	<u>18,397,124</u>
<i>Total Net Assets</i>	<u><u>\$18,413,826</u></u>

See accompanying notes to the basic financial statements

VILLAGE OF HUNTING VALLEY
CUYAHOGA COUNTY
Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2006

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
General Government	\$722,205	\$0	\$0	(\$722,205)
Security of Persons and Property	1,169,995	0	0	(1,169,995)
Public Health Services	1,761	0	0	(1,761)
Community Environment	191,892	96,568	0	(95,324)
Basic Utility Services	20,048	0	0	(20,048)
Transportation	407,596	49,835	38,068	(319,693)
Capital Outlay	215,453	0	0	(215,453)
Redemption of Principal	4,750,000	0	0	(4,750,000)
Interest and Fiscal Charges	178,125	0	0	(178,125)
<i>Total Governmental Activities</i>	<u>\$7,657,075</u>	<u>\$146,403</u>	<u>\$38,068</u>	<u>(7,472,604)</u>
General Receipts				
Property Taxes Levied for:				
General Purposes				562,510
Municipal Income Taxes				18
Grants and Entitlements not				
Restricted to Specific Programs				2,503,104
Notes Issued				4,500,000
Premium on Debt Issue				17,190
Interest				717,959
Miscellaneous				128,060
<i>Total General Receipts</i>				8,428,841
Change in Net Assets				956,237
<i>Net Assets Beginning of Year</i>				<u>17,457,589</u>
<i>Net Assets End of Year</i>				<u>\$18,413,826</u>

See accompanying notes to the basic financial statements

VILLAGE OF HUNTING VALLEY
CUYAHOGA COUNTY
Statement of Modified Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2006

	<u>General</u>	<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Equity in Pooled Cash and Cash Equivalents	\$16,489,177	\$10,933	\$5,769	\$16,505,879
Investments	1,907,947	0	0	1,907,947
<i>Total Assets</i>	<u>\$18,397,124</u>	<u>\$10,933</u>	<u>\$5,769</u>	<u>\$18,413,826</u>
Fund Balances				
Unreserved:				
Undesignated (Deficit), Reported in:				
General Fund	\$18,397,124	\$0	\$0	\$18,397,124
Special Revenue Funds	0	0	5,769	5,769
Debt Service Fund	0	10,933	0	10,933
<i>Total Fund Balances</i>	<u>\$18,397,124</u>	<u>\$10,933</u>	<u>\$5,769</u>	<u>\$18,413,826</u>

See accompanying notes to the basic financial statements

VILLAGE OF HUNTING VALLEY
CUYAHOGA COUNTY
Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
December 31, 2006

Total Governmental Fund Balances	<u>\$18,413,826</u>
<i>Net Assets of Governmental Activities</i>	<u>\$18,413,826</u>

See accompanying notes to the basic financial statements

**VILLAGE OF HUNTING VALLEY
CUYAHOGA COUNTY**

*Statement of Cash Receipts, Disbursements and Changes in Modified-Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2006*

	General	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Receipts				
Municipal Income Taxes	\$18	\$0	\$0	\$18
Property and Other Local Taxes	562,510	0	0	562,510
Charges for Services	49,835	0	0	49,835
Fines, Licenses and Permits	96,568	0	0	96,568
Intergovernmental	2,503,104	0	38,068	2,541,172
Interest	717,959	0	0	717,959
Miscellaneous	128,060	0	0	128,060
<i>Total Receipts</i>	<u>4,058,054</u>	<u>0</u>	<u>38,068</u>	<u>4,096,122</u>
Disbursements				
Current:				
General Government	722,205	0	0	722,205
Security of Persons and Property	1,169,995	0	0	1,169,995
Public Health Services	1,761	0	0	1,761
Community Environment	191,892	0	0	191,892
Basic Utility Services	20,048	0	0	20,048
Transportation	360,761	0	46,835	407,596
Capital Outlay	215,453	0	0	215,453
Debt Service:				
Principal Retirement	0	4,750,000	0	4,750,000
Interest and Fiscal Charges	178,125	0	0	178,125
<i>Total Disbursements</i>	<u>2,860,240</u>	<u>4,750,000</u>	<u>46,835</u>	<u>7,657,075</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,197,814</u>	<u>(4,750,000)</u>	<u>(8,767)</u>	<u>(3,560,953)</u>
Other Financing Sources (Uses)				
Notes Issued	0	4,500,000	0	4,500,000
Premium on Debt Issue	0	17,190	0	17,190
Transfers In	0	200,000	0	200,000
Transfers Out	(200,000)	0	0	(200,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(200,000)</u>	<u>4,717,190</u>	<u>0</u>	<u>4,517,190</u>
<i>Net Change in Fund Balances</i>	997,814	(32,810)	(8,767)	956,237
<i>Fund Balances Beginning of Year</i>	<u>17,399,310</u>	<u>43,743</u>	<u>14,536</u>	<u>17,457,589</u>
<i>Fund Balances End of Year</i>	<u>\$18,397,124</u>	<u>\$10,933</u>	<u>\$5,769</u>	<u>\$18,413,826</u>

See accompanying notes to the basic financial statements

**VILLAGE OF HUNTING VALLEY
CUYAHOGA COUNTY**

*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended December 31, 2006*

Net Change in Fund Balances - Total Governmental Funds	<u>\$956,237</u>
<i>Change in Net Assets of Governmental Activities</i>	<u><u>\$956,237</u></u>

See accompanying notes to the basic financial statements

VILLAGE OF HUNTING VALLEY
CUYAHOGA COUNTY
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual
	Original	Final	
Receipts			
Municipal Income Taxes	\$0	\$0	\$18
Property and Other Local Taxes	735,600	735,600	562,510
Charges for Services	53,000	53,000	49,835
Fines, Licenses, and Permits	110,000	110,000	96,568
Intergovernmental	978,400	978,400	2,503,104
Interest	650,000	650,000	717,959
Other	50,000	50,000	128,060
<i>Total receipts</i>	<u>2,577,000</u>	<u>2,577,000</u>	<u>4,058,054</u>
Disbursements			
Current:			
General Government	6,025,000	6,025,000	722,205
Security of Persons and Property	1,640,000	1,640,000	1,169,995
Public Health Services	25,000	25,000	1,761
Community Environment	350,000	350,000	191,892
Basic Utility Services	25,000	25,000	20,048
Transportation	655,000	655,000	360,761
Capital Outlay	10,800,000	10,800,000	215,453
Debt Service:			
Interest and Fiscal Charges	200,000	200,000	178,125
<i>Total Disbursements</i>	<u>19,720,000</u>	<u>19,720,000</u>	<u>2,860,240</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(17,143,000)</u>	<u>(17,143,000)</u>	<u>1,197,814</u>
Other Financing Sources (Uses)			
Transfers Out	(250,000)	(250,000)	(200,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(250,000)</u>	<u>(250,000)</u>	<u>(200,000)</u>
<i>Net Change in Fund Balance</i>	(17,393,000)	(17,393,000)	997,814
<i>Fund Balance Beginning of Year</i>	<u>17,399,310</u>	<u>17,399,310</u>	<u>17,399,310</u>
<i>Fund Balance End of Year</i>	<u><u>\$6,310</u></u>	<u><u>\$6,310</u></u>	<u><u>\$18,397,124</u></u>

VILLAGE OF HUNTING VALLEY
CUYAHOGA COUNTY
Statement of Fiduciary Net Assets - Modified Cash Basis
Fiduciary Funds
December 31, 2006

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$205,091
<i>Total Assets</i>	<u>\$205,091</u>
Net Assets	
Unrestricted	<u>\$205,091</u>

See accompanying notes to the basic financial statements

Note 1 – Reporting Entity

The Village of Hunting Valley, Cuyahoga County, Ohio (the Village), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a six-member Council elected at large for four year terms. The Mayor is elected to a four-year term, serves as the President of Council and votes only to break a tie.

The reporting entity is comprised of the primary government, component units and other organizations that were included to ensure that the financial statements are not misleading.

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Village. The Village provides general governmental services, including road maintenance, building inspections, and police protection. The Village contracts with the Village of Chagrin Falls Suburban Fire Department to provide fire protection and ambulance services.

B. Component Units

Component units are legally separate organizations for which the Village is financially accountable. The Village is financially accountable for an organization if the Village appoints a voting majority of the organization's governing board and (1) the Village is able to significantly influence the programs or services performed or provided by the organization; or (2) the Village is legally entitled to or can otherwise access the organization's resources; the Village is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Village is obligated for the debt of the organization. The Village is also financially accountable for any organizations that are fiscally dependent on the Village in that the Village approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Village, are accessible to the Village and are significant in amount to the Village. The Village has no component units.

C. Jointly Governed Organizations

The Village participates in two jointly governed organizations. Note 12 to the financial statements provides additional information for these entities.

These jointly governed organizations are:

Northeast Ohio Public Energy Council (NOPEC): NOPEC is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. It was formed to serve as a means for communities to proceed jointly with an aggregation program for the purchase of electricity and gas.

Valley Enforcement Regional Council of Governments (VERCOG): 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. It includes the supervision and control of the Valley Enforcement Group (VEG), which has been a mutual aid organization providing the mutual interchange and sharing of police personnel and police equipment.

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

The Village of Hunting Valley
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006
(Continued)

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2.C, these financial statements are presented on a modified cash basis of accounting. This modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the modified cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the modified cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The Village does not apply FASB statements issued after November 30, 1989, to its business-type activities and to its enterprise funds. The Village has no enterprise funds. Following are the more significant of the Village's accounting policies.

A. Basis of Presentation

The Village's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Village as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" receipts and disbursements. The statements distinguish between those activities of the Village that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

The statement of net assets presents the cash and investment balances, of the governmental activities of the Village at year end. The statement of activities compares disbursements with program receipts for each of the Village's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Village is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a modified cash basis or draws from the Village's general receipts.

Fund Financial Statements

During the year, the Village segregates transactions related to certain Village functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Village at this more detailed level. The focus of governmental financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

B. Fund Accounting

The Village uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Village are divided into two categories, governmental, and fiduciary.

The Village of Hunting Valley
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006
(Continued)

Note 2 – Summary of Significant Accounting Policies (continued)

Governmental Funds

The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Village's major governmental funds are the General Fund and the Debt Service Fund. The General Fund is used to account for all financial resources, except those required to be accounted for 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. The Debt Service Fund receives proceeds of Bond Anticipation Notes sold and disburses payment for maturing Bond Anticipation Notes. The other governmental funds of the Village account for grants and other resources whose use is restricted to a particular purpose.

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Trust funds are used to account for assets held by the Village under a trust agreement for individuals, private organizations or other governmental entities and are therefore not available to support the Village's own programs. The Village has no trust funds. Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village's agency funds include the Construction Guarantee Deposit Fund, the Tower Deposit Fund and the Miscellaneous Deposit Fund.

C. Basis of Accounting

The Village's financial statements are prepared using the modified cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Village's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Village are described in the appropriate section in this note.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Village Council may appropriate.

The appropriations ordinance is the Village Council's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Village Council. The legal level of control has been established at the fund, department, and object level for all funds.

The Village of Hunting Valley
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006
(Continued)

Note 2 – Summary of Significant Accounting Policies (continued)

D. Budgetary Process (continued)

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Village Clerk. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Village Council.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Village Council during the year.

E. Cash and Investments

Village records identify the purchase of specific investments by specific funds.

To improve cash management, cash received by the Village is pooled and invested. Individual fund integrity is maintained through Village records. Interest in the pool is presented as “Equity in Pooled Cash and Cash Equivalents”.

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts, respectively.

During 2007 and 2006, the Village invested in nonnegotiable certificates of deposit, money market funds, and federal agency securities. The nonnegotiable certificates of deposit are reported at cost. The Village’s money market fund investment is recorded at the amounts reported by Charter One Bank N.A., Huntington National Bank and Fifth Third Bank at December 31, 2007 and by Charter One Bank N.A., Sky Bank and Fifth Third Bank at December 31, 2006.

Interest earnings are allocated to Village funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2007 was \$1,035,218 which includes \$1,783 assigned from other Village funds. Interest receipts credited to the General Fund during 2006 was \$717,959 which includes \$726 assigned from other Village funds.

F. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation.

Note 2 – Summary of Significant Accounting Policies (continued)

G. Inventory and Prepaid Items

The Village reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

H. Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

I. Interfund Receivables/Payables

The Village reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements. The Village had no advances during 2007 or 2006.

J. Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's modified cash basis of accounting.

K. Employer Contributions to Cost-Sharing Pension Plans

The Village recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement healthcare benefits.

L. Long-Term Obligations

The Village's modified cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure are reported at inception. Lease payments are reported when paid.

M. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Village had no restricted net assets in 2007 or 2006.

The Village's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

N. Fund Balance Reserves

The Village reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. The Village had no such designations in 2007 or 2006. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. No fund balance reserves have been established in 2007 or 2006.

Note 2 – Summary of Significant Accounting Policies (continued)

O. Interfund Transactions

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general receipts.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

Note 3 – Change in Accounting Principles

The Village has implemented Governmental Accounting Standards Board (GASB) Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pension".

GASB Statement No. 45 improves the relevance and usefulness of financial reporting by requiring systematic, accrual-basis measurement and recognition of OPEB costs over a period that approximates employees' years of service and providing information about actuarial accrued liabilities associated with OPEB and whether and to what extent progress is being made in funding a plan. The implementation of this statement did not result in any change to the Village's financial statements.

Note 4 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. Any differences between the budgetary basis and the modified cash basis are outstanding year end encumbrances which are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (modified cash basis) (and outstanding year end advances are treated as an other financing source or use (budgetary basis) rather than as an interfund receivable or payable (modified cash basis)). There were no encumbrances outstanding at the year end 2007 or at the year end 2006.

Note 5 – Deposits and Investments

Monies held by the Village are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Village treasury. Active monies must be maintained either as cash in the Village treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

The Village of Hunting Valley
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006
(Continued)

Note 5 – Deposits and Investments (continued)

Interim monies held by the Village can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security 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 the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

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. 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. Investments may only be made through specified dealers and institutions.

At year end 2007 and at year end 2006, the Village had no in un-deposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents"

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Village will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end 2007, \$9,335,039 of the Village's bank balance of \$10,041,803, and at year end 2006, \$16,067,362 of the Village's bank balance of \$16,770,523, was exposed to custodial credit risk. These amounts were exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Village's name.

The Village has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Village or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

The Village of Hunting Valley
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006
(Continued)

Note 5 – Deposits and Investments (continued)

Investments

As of December 31, 2007, the Village had the following investments:

Investment Type	Carrying Value	Investment Maturities (in Years)			
		Less than 1	1-2	3-5	More than 5
FHLB	\$7,993,604	\$7,993,604	\$0	\$0	\$0
FHLMC	51,810	0	0	0	51,810
GNMA	107,784	0	0	0	107,784
Repurchase Agreement – Sweep Account	297,534	297,534	0	0	0
Total Investments	<u>\$8,450,732</u>	<u>\$8,291,138</u>	<u>\$0</u>	<u>\$0</u>	<u>\$159,594</u>

As of December 31, 2006, the Village had the following investments

Investment Type	Carrying Value	Investment Maturities (in Years)			
		Less than 1	1-2	3-5	More than 5
FHLB	\$1,000,000	\$1,000,000	\$0	\$0	\$0
FHLMC	72,911	0	0	0	72,911
FNMA	11,782	0	0	0	11,782
GNMA	120,641	0	0	0	120,641
Repurchase Agreement – Sweep Account	702,613	702,613	0	0	0
Total Investments	<u>\$1,907,947</u>	<u>\$1,702,613</u>	<u>\$0</u>	<u>\$0</u>	<u>\$205,334</u>

Interest rate risk arises because the fair value of investments changes as interest rates change. The Village's investment policy addresses interest rate risk by requiring that the Village's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding that need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The U.S. Treasury Bills are exposed to custodial credit risk as they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in the Village's name. The Village has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M) (2) which states, "Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee."

Note 6 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Village. Property tax receipts received in 2007 and 2006 for real and public utility property taxes represents collections of the 2006 and 2005 taxes, respectively. Property tax payments received during 2007 and 2006 for tangible personal property (other than public utility property) is for 2007 and 2006 taxes, respectively.

The Village of Hunting Valley
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006
(Continued)

Note 6 – Property Taxes (continued)

2007 and 2006 real property taxes are levied after October 1, 2007 and 2006, respectively on the assessed values as of January 1, 2007 and 2006, respectively, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. 2007 and 2006 real property taxes are collected in and intended to finance 2007 and 2008, respectively.

Real property taxes are payable annually or semi-annually. 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. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2007 and 2006 public utility property taxes which became a lien on December 31, 2006 and December 31, 2005, respectively, are levied after October 1, 2007 and October 1, 2006 respectively, and are collected in 2008 and 2007, respectively with real property taxes.

2007 and 2006 tangible property taxes are levied after October 1, 2006 and October 1, 2005, respectively, on the value as of December 31, 2006 and December 31, 2005, respectively. Collections are made in 2007 and 2006, respectively. Tangible personal property assessments are being phased out, the assessment percentage for all property including inventory for 2007 is 12.5 percent. This will be reduced to 6.25 percent for 2008, and zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 3, with the remainder due September 20.

The full tax rate for all Village operations for the years ended December 31, 2007 and December 31, 2006, was \$5.10 per \$1,000 of assessed value. The assessed values of real and personal property upon which 2007 and 2006 property tax receipts were based are as follows:

	<u>2007</u>	<u>2006</u>
Real Property	\$138,661,110	\$129,780,240
Public Utility Property	1,150,980	1,197,790
Tangible Personal Property	25,750	89,550
Total Assessed Values	\$139,837,840	\$131,067,580

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Village. The County Auditor periodically remits to the Village its portion of the taxes collected.

The Village of Hunting Valley
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006
(Continued)

Note 7 – Risk Management

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the period from January 1, 2006 to April 25, 2006, the Village contracted with several companies for various types of insurance coverage as follows:

Company	Type of Coverage	Amount of Coverage
St. Paul Fire & Marine Insurance Co.	Commercial Property	\$8,163,068
	General Liability	3,000,000
	Commercial Crime	25,000
	Inland Marine	3,011,000
	Vehicle	482,127
	Errors and Omissions	3,000,000
	Public Officials	3,000,000
Federal Insurance Company	Fiduciary Liability	1,000,000
Zurich North American Surety	Surety Bond	10,000
American Alternative Insurance Corp.	Umbrella Liability	10,000,000

During the period from April 25, 2006 to April 25, 2007, the Village contracted with several companies for various types of insurance coverage as follows:

Company	Type of Coverage	Amount of Coverage
Scottsdale Indemnity Company	Commercial Property Including Inland Marine	\$8,783,502
	General Liability	2,000,000
	Commercial Crime	35,000
	Vehicle	531,774
	Law Enforcement	1,000,000
	Public Officials	1,000,000
	Employment Practice	1,000,000
	Umbrella	10,000,000
	American Alternative Insurance Corp.	Secondary Umbrella
Zurich North American Surety	Surety Bond	10,000
Federal Insurance Company	Fiduciary Liability	1,000,000

During the period from April 25, 2007 to December 31, 2007, the Village contracted with several companies for various types of insurance coverage as follows:

Company	Type of Coverage	Amount of Coverage
Scottsdale Indemnity Company	Commercial Property Including Inland Marine	\$9,121,261
	General Liability	2,000,000
	Commercial Crime	35,000
	Vehicle	554,957
	Law Enforcement	1,000,000
	Public Officials	1,000,000
	Employment Practice	1,000,000
	Umbrella	10,000,000
	American Alternative Insurance Corp.	Secondary Umbrella
Zurich North American Surety	Surety Bond	10,000
Federal Insurance Company	Fiduciary Liability	1,000,000

The Village of Hunting Valley
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006
(Continued)

Note 7 – Risk Management (continued)

Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The System administers and pays all claims.

Note 8 – Defined Benefit Pension Plans

A. Ohio Public Employees Retirement System

Plan Description - The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member-directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member-directed plan. While members in the State and local divisions may participate in all three plans, law enforcement (generally sheriffs, deputy sheriffs and township police) and public safety divisions exist only within the traditional plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the years ended December 31, 2007 and December 31, 2006, members in state and local classifications contributed, respectively, 9.5 percent and 9 percent of covered payroll. The Village employed no public safety members and no law enforcement members in either 2007 or 2006.

The Village's contribution rate for state and local members in 2007 and 2006 was, respectively, 13.85 percent and 13.70 percent of covered payroll. For the period January 1 through June 30, 2007, a portion of the Village's contribution equal to 5 percent of covered payroll was allocated to fund the postemployment healthcare plan; for the period July 1 through December 31, 2007 this amount was increased to 6 percent. For the period January 1 through December 31, 2006, the portion of the Village's contribution equal to 4.5 percent of covered payroll was allocated to fund the postemployment healthcare plan. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate of the Village of 14 percent, except for public safety and law enforcement, where the maximum employer contribution rate is 18.1 percent.

The Village's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2007, 2006, and 2005 were \$80,064, \$72,303, and \$75,439, respectively. The full amount has been contributed for 2007, 2006, and 2005. There were no contributions to the member-directed plan for 2007 or 2006.

Note 8 – Defined Benefit Pension Plans (continued)

B. Ohio Police and Fire Pension Fund

Plan Description - The Village contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations. The Village's contribution was 19.5 percent for police officers. Contribution rates are established by State statute. For 2007, a portion of the Village's contribution equal to 6.75 percent of covered payroll was allocated to fund the postemployment healthcare plan. For 2006, a portion of the Village's contribution equal to 7.75 percent of covered payroll was allocated to fund the postemployment healthcare plan. The Village's required contributions to OP&F for the years ended December 31, 2007, 2006, and 2005 were \$138,745, \$119,025, and \$128,699. The full amount has been contributed for 2007, 2006, and 2005.

Note 9 - Postemployment Benefits

A. Ohio Public Employees Retirement System

Plan Description - OPERS maintains a cost-sharing multiple-employer defined benefit postemployment healthcare plan for qualifying members of both the traditional and combined pension plans. Members of the member-directed plan do not qualify for ancillary benefits, including postemployment healthcare. The plan includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the healthcare plan are provided separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222 – 7377.

OPERS' Post Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. For 2007, the employer contribution allocated to the health care plan from January 1 through June 30, 2007 and July 1 through December 31, 2007 was 5% and 6% of covered payroll, respectively. In 2006, 4.5 percent of the covered payroll the portion that was used to fund health care. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The Village of Hunting Valley
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006
(Continued)

Note 9 - Postemployment Benefits (continued)

A. Ohio Public Employees Retirement System (continued)

The retirement board is also authorized to establish rules for the payment of a portion of the healthcare benefits by the retiree or retiree's surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and selected coverage.

The Village's contributions allocated to fund postemployment healthcare benefits for the years ended December 31, 2007, 2006, and 2005 were \$31,976, \$23,749, and \$22,270 respectively. The full amount has been contributed for 2007, 2006, and 2005.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) which was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006. January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the healthcare plan

B. Ohio Police and Fire Pension Fund

Plan Description – The Village contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing multiple-employer defined postemployment healthcare plan administered by OP&F. OP&F provides healthcare benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium reimbursement and long term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to postretirement healthcare coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit or is a spouse or eligible dependent child of such person. The healthcare coverage provided by OP&P meets the definition of an Other Postemployment Benefits (OPEB) as described in GASB Statement 45.

The Ohio Revised Code allows, but does not mandate, OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide healthcare coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the Plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding policy – OP&F's postemployment healthcare plan was established and is administered as an Internal Revenue Code 401(h) account within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees. The Ohio Revised Code sets the contribution rates for participating employers and for plan members to the OP&F. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5 percent and 24 percent of covered payroll for police and fire employers, respectively.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made to the pension plan to the 401(h) account as the employer contribution for retiree healthcare benefits. For the years ended December 31, 2007 and December 31, 2006, the employer contribution allocated to the healthcare plan was 6.75 percent and 7.75 percent, respectively, of covered payroll. The amount of employer contributions allocated to the healthcare plan each year is subject to the trustees' primary responsibility to ensure that pension benefits are adequately funded and also is limited by the provisions of Section 401(h).

The Village of Hunting Valley
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006
(Continued)

Note 9 - Postemployment Benefits (continued)

B. Ohio Police and Fire Pension Fund (continued)

The OP&F Board of Trustees is also authorized to establish requirements for contributions to the healthcare plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the OPEB Plan.

The Village's contributions to OP&F which were allocated to fund postemployment healthcare benefits for police were \$48,027 for the year ended December 31, 2007, \$47,305 for the year ended December 31, 2006, and \$51,150 for the year ended December 31, 2005. The full amount has been contributed for 2007, 2006, and 2005.

Note 10 - Notes Payable

A summary of the note transactions for the year ended December 31, 2007, follows:

	Interest Rate	Balance December 31,2006	Additions	Reductions	Balance December 31,2007
<u>Bond Anticipation Notes</u>					
2006 Issue	4.25%	\$4,500,000	\$0	\$4,500,000	\$0
2007 Issue	4.125%	0	4,250,000	0	4,250,000
		<u>\$4,500,000</u>	<u>\$4,250,000</u>	<u>\$4,500,000</u>	<u>\$4,250,000</u>

A summary of the note transactions for the year ended December 31, 2006, follows:

	Interest Rate	Balance December 31,2005	Additions	Reductions	Balance December 31,2006
<u>Bond Anticipation Notes</u>					
2005 Issue	3.75%	\$4,750,000	\$0	\$4,750,000	\$0
2006 Issue	4.25%	0	4,500,000	0	4,500,000
		<u>\$4,750,000</u>	<u>\$0</u>	<u>\$250,000</u>	<u>\$4,500,000</u>

The Bond Anticipation Notes were in anticipation of the issuance of bonds for the purpose of paying a portion of the cost of constructing, furnishing, equipping, improving the site of, an otherwise improving a Village Hall to house municipal offices and functions. All note proceeds had been spent at December 31, 2007. The bond anticipation note is backed by the full faith and credit of the Village and matures within one year.

Note 11 – Interfund Transfers

During 2007 and 2006 the following transfers were made:

	<u>2007</u>	<u>2006</u>
Transfers from the General Fund to:		
Bond Retirement Fund	\$ 240,000	\$ 200,000

Transfers represent the allocation of unrestricted receipts collected in the General Fund to reduce the amount of Bond Anticipation Notes pursuant to Section 133.22(c) 2 of the Ohio Revised Code.

Note 12 – Jointly Governed Organizations

Northeast Ohio Public Energy Council

The Village is a member of the Northeast Ohio Public Energy Council (NOPEC). NOPEC is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. NOPEC was formed to serve as a vehicle for communities wishing to proceed jointly with an aggregation program for the purchase of electricity and gas. NOPEC is currently comprised over 100 communities who have been authorized by ballot to purchase electricity on behalf of their citizens. The intent of NOPEC is to provide electricity and gas at the lowest possible rates while at the same time insuring stability in prices by entering into long-term contracts with suppliers to provide electricity and gas to the citizens of its member communities.

NOPEC is governed by a General Assembly made up of one representative from each member community. The representatives from each county then elect one person to serve on the eight-member NOPEC Board of Directors. The Board oversees and manages the operation of the aggregation program. The degree of control exercised by any participating government is limited to its representation in the General Assembly and on the Board. The Village did not contribute to NOPEC during 2007 or 2006. Financial information can be obtained by contacting NOPEC, 31320 Solon Road Suite 20, Solon, Ohio 44139.

Valley Enforcement Regional Council of Governments

The Village is a member of Valley Enforcement Regional Council of Governments (VERCOG). 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. It includes the supervision and control of the Valley Enforcement Group (VEG), a mutual aid organization providing the mutual interchange and sharing of police personnel and police equipment. VERCOG is currently comprised of fifteen communities located within the Chagrin Valley which exercise law enforcement authority under Ohio law and whose law enforcement agency consists of four (4) or more full-time, sworn law enforcement officers. VERCOG is authorized to acquire and own police equipment and other property, to be used by all participating members, and may do any other thing permitted by law to accomplish its general purposes. Participating political subdivisions appoint one representative to VERCOG and this representative is the Mayor, Safety Director, or other official designated by the enabling legislation passed by the political subdivision. Each Member of VERCOG is entitled to one (1) vote on each item under consideration. Financial information can be obtained by contacting Mark Cegelka at the City of Bedford Heights, (440) 786-3227.

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*

Village of Hunting Valley
Cuyahoga County
38251 Fairmount Blvd.
Chagrin Falls, Ohio 44022

To the Village Council:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Hunting Valley, Cuyahoga County, Ohio (the Village) as of and for the years ended December 31, 2007 and December 31, 2006, which collectively comprise the Village's basic financial statements and have issued our report thereon dated October 23, 2008, wherein, we noted the Village uses a comprehensive accounting basis other than generally accepted accounting principles. 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 expressing our opinions on the financial statements, but not to opine 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.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Village's internal control will not prevent or detect a more than inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Village's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We noted certain matters that we reported to the Village's management in a separate letter dated October 23, 2008.

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 intend this report solely for the information and use of management and Village Council. 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

October 23, 2008



Mary Taylor, CPA
Auditor of State

VILLAGE OF HUNTING VALLEY

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 9, 2008