

VILLAGE OF HUNTING VALLEY

CUYAHOGA COUNTY

Audit Report

For the Years Ended December 31, 2017 and 2016





Dave Yost • Auditor of State

Village Council
Village of Hunting Valley
38251 Fairmount Boulevard
Chagrin Falls, Ohio 44022

We have reviewed the *Independent Auditor's Report* of the Village of Hunting Valley, Cuyahoga County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2016 through December 31, 2017. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

July 10, 2018

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Village of Hunting Valley
Cuyahoga County
For the Years Ended December 31, 2017 and 2016

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INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of Hunting Valley, Cuyahoga County, (the Village) as of and for the years ended December 31, 2017 and 2016.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating of the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determined, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2017 and 2016, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Village of Hunting Valley, Cuyahoga County, as of December 31, 2017 and 2016, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 15, 2018, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Charles E. Harris & Associates, Inc.
May 15, 2018

Village of Hunting Valley
Cuyahoga County
Combined Statement of Receipts, Disbursements and Changes in
Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2017

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Debt Service	
Cash Receipts				
Property and Other Local Taxes	\$ 998,289	\$ 38,396	\$ -	\$ 1,036,685
Intergovernmental	174,078	42,925	-	217,003
Charges for Services	202,292	-	-	202,292
Fines, Licenses and Permits	99,864	-	-	99,864
Earnings on Investments	1,416,589	-	-	1,416,589
Miscellaneous	86,123	-	-	86,123
<i>Total Cash Receipts</i>	2,977,235	81,321	-	3,058,556
Cash Disbursements				
Current:				
Security of Persons and Property	1,638,916	28,866	-	1,667,782
Basic Utility Services	105,688	-	-	105,688
Transportation	583,409	29,403	-	612,812
General Government	1,008,979	-	-	1,008,979
Capital Outlay	422,069	-	-	422,069
Debt Service:				
Principal Retirement	-	-	16,856	16,856
<i>Total Cash Disbursements</i>	3,759,061	58,269	16,856	3,834,186
<i>Excess of Receipts Over (Under) Disbursements</i>	(781,826)	23,052	(16,856)	(775,630)
Other Financing Receipts (Disbursements)				
Transfers In	-	-	17,026	17,026
Transfers Out	(17,026)	-	-	(17,026)
<i>Total Other Financing Receipts (Disbursements)</i>	(17,026)	-	17,026	-
<i>Net Change in Fund Cash Balances</i>	(798,852)	23,052	170	(775,630)
<i>Fund Cash Balances, January 1</i>	63,191,075	27,303	-	63,218,378
Fund Cash Balances, December 31				
Restricted	-	50,355	-	50,355
Committed	-	-	170	170
Assigned	3,196,371	-	-	3,196,371
Unassigned	59,195,852	-	-	59,195,852
<i>Fund Cash Balances, December 31</i>	<u>\$ 62,392,223</u>	<u>\$ 50,355</u>	<u>\$ 170</u>	<u>\$ 62,442,748</u>

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

Village of Hunting Valley
Cuyahoga County
Combined Statement of Receipts, Disbursements and Changes in
Fund Balances (Regulatory Cash Basis)
Fiduciary Fund Type
For the Year Ended December 31, 2017

	Fiduciary Fund Type
	Agency
Operating Cash Receipts	
Earnings on Investments	\$ 460
Miscellaneous	269,581
<i>Total Operating Cash Receipts</i>	270,041
Operating Cash Disbursements	
Other	178,189
<i>Total Operating Cash Disbursements</i>	178,189
<i>Net Change in Fund Cash Balances</i>	91,852
<i>Fund Cash Balances, January 1</i>	225,637
<i>Fund Cash Balances, December 31</i>	\$ 317,489

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

Village of Hunting Valley
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2017

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. A publicly-elected six-member Council directs the Village. The Village provides street repair and maintenance and police protection. The Village contracts with the Village of Chagrin Falls Suburban Fire Department to provide its residents with fire protection and ambulance services.

Jointly Governed Organizations

The Village participates in the Chagrin Valley Dispatch Council, Northeast Ohio Public Energy Council, and Suburban Water Regional Council of Governments, all jointly governed organizations. Note 12 to the financial statements provides additional information for these entities.

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

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for the fiduciary fund type which are organized on a fund type basis.

Fund Accounting

The Village uses funds 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. The funds of the Village are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

Street Construction, Maintenance, and Repair Fund The street construction, maintenance and repair fund accounts for and reports receipts of gasoline tax and motor vehicle tax money for the purpose of constructing, maintaining, and repairing Village streets.

Police Pension Fund The police pension fund accounts for and reports receipts of property tax monies restricted for the purpose of police pension and termination payments.

Debt Service Funds These funds account for and report financial resources that are committed to expenditure for principal and interest. The Village had the following significant Debt Service Fund:

Village of Hunting Valley
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 2 - Summary of Significant Accounting Policies (continued)

Debt Service Fund The debt service fund accounts for and reports the monies set aside for the purpose of repaying at outstanding obligations that the Village incurred.

Fiduciary Funds Fiduciary funds include agency funds. Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency funds accounts for various deposits to be remitted once projects are completed.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary disbursements when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

The Ohio Revised Code requires that each fund to be budgeted annually.

Appropriations Budgetary disbursements (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must approve estimated resources.

Encumbrances The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2017 budgetary activity appears in Note 3.

Deposits and Investments

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

Village of Hunting Valley
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 2 - Summary of Significant Accounting Policies (continued)

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value. Municipal Bonds and U.S. Government Agency obligation are recorded at historical cost.

Capital Assets

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

Accumulated Leave

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

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed Council can *commit* amounts via formal action (ordinance or resolution). The Village must adhere to these commitments unless Council amends the ordinance or resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Council or a Village official delegated that authority by resolution, or by State Statute. Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenues and appropriations in the subsequent year's appropriated budget in the General Fund.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

Village of Hunting Valley
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 2 - Summary of Significant Accounting Policies (continued)

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Note 3 - Budgetary Activity

Budgetary activity for the year ending December 31, 2017 follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 2,625,974	\$ 2,977,235	\$ 351,261
Special Revenue	84,710	81,321	(3,389)
Debt Service	17,026	17,026	-

2017 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 4,703,250	\$ 3,789,018	\$ 914,232
Special Revenue	82,000	58,269	23,731
Debt Service	17,026	16,856	170

Note 4 – Deposits and Investments

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

	2017
Demand deposits	\$ 2,946,824
Total deposits	2,946,824
Municipal Bonds	21,088,672
Governmental Agencies	38,724,741
Total investments	59,813,413
Total deposits and investments	\$ 62,760,237

Village of Hunting Valley
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 4 – Deposits and Investments (continued)

Deposits

Deposits are insured by the Federal Depository Insurance Corporation; collateralized by securities specifically pledged by the financial institution to the Village; or collateralized by the Ohio Pooled Collateral System (OPCS).

Investments

The Federal Reserve holds the Village's U.S. Treasury Notes in book-entry form by, in the name of the Village's financial institution. The financial institution maintains records identifying the Village as owner of these securities.

Note 5 – Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20. Public utilities are also taxed on personal and real property located within the Village.

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

Note 6 - Risk Management

The Village is exposed to various risks of property and casualty losses, and injuries to employees. The Village insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. York Insurance Services Group, Inc. (York) functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by York. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2017, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

Village of Hunting Valley
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 6 - Risk Management (continued)

The aforementioned casualty and property reinsurance agreement does not discharge PEP’s primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

PEP’s financial statements (audited by other auditor’s) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2017.

	<u>2017</u>
Assets	\$44,452,326
Liabilities	<u>(13,004,011)</u>
Net Position	<u>\$31,448,315</u>

At December 31, 2017 the liabilities above include approximately \$11.8 million of estimated incurred claims payable. The assets above also include approximately \$11.2 million of unpaid claims to be billed. The Pool’s membership increased to 527 members in 2017. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2017, the Village’s share of these unpaid claims collectible in future years is approximately \$23,000.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

<u>2017 Contributions to PEP</u> \$36,848
--

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year’s contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Most Village employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include postretirement healthcare and survivor and disability benefits.

Village of Hunting Valley
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 7 - Defined Benefit Pension Plans (continued)

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2017.

Ohio Police and Fire Pension Fund

The Village's full-time Police Officers belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2017.

Note 8 - Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 1% during calendar year 2017, and OP&F contributed 0.5% to fund these benefits.

Note 9 – Debt

Debt outstanding at December 31, 2017 was as follows:

	Principal	Interest Rate
OPWC Loan # CT04O	\$ 185,419	0%
OPWC Loan # CT06S	219,130	0%
Total	\$ 404,549	

The Ohio Public Works Commission (OPWC) Loan (Fairmount Reconstruction Loan) is a zero interest loan for the project known as Fairmount I to reconstruct that road. This loan will be repaid from the Bond Retirement fund of the Village.

The Ohio Public Works Commission (OPWC) Loan (Fairmount Reconstruction Loan) is a zero interest loan for the project known as Fairmount Phase II to reconstruct that road. This loan will be repaid from the Bond Retirement fund of the Village.

Village of Hunting Valley
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 9 – Debt (continued)

Amortization

Amortization of the above debt is scheduled as follows:

Year ending December 31:	OPWC #CT04O	OPWC #CT06S
2018	\$ 11,238	\$ 11,238
2019	11,238	11,238
2020	11,238	11,238
2021	11,238	11,238
2022	11,238	11,238
2023-2027	56,190	56,190
2028-2032	56,190	56,190
2033-2037	16,849	50,560
Total	<u>\$ 185,419</u>	<u>\$ 219,130</u>

Note 10 – Contingent Liabilities

The Village may be a defendant in lawsuits. Although management cannot presently determine the outcome of any suit, management believes that the resolution of any matter will not materially adversely affect the Village’s financial condition.

Note 11 – Transfers

During 2017, the Village made a transfer from General fund to Debt Service fund to provide for debt obligation expenditures. All transfers were approved in accordance with Ohio Revised Code sections 5705.14, 5705.15 and 5705.16.

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.

Village of Hunting Valley
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 12 – Jointly Governed Organizations (continued)

NOPEC is governed by a General Assembly made up of one representative from each member community. 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 2017. 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 sixteen 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 Steve Presley at the City of Bay Village, (440) 871-2200.

Chagrin Valley Dispatch Council

The Village is a member of the Chagrin Valley Dispatch Council (CVD). CVD is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. CVD was formed to promote cooperative arrangements and coordinate action among its members in matters relating to the dispatch of public safety services and the operation of the Chagrin Valley Regional Communications Center (RCC). Participation in CVD was initially limited to political subdivisions located within the Chagrin Valley that were currently receiving public safety dispatch services from the Village of Chagrin Falls. At December 31, 2017 it is comprised of sixteen communities. It is authorized to perform all functions necessary to improve, maintain and operate the RCC including entering into contractual arrangements for necessary services; to employ staff; purchase, lease or otherwise provide for supplies, materials and equipment and facilities; accept and raise public and private funding; and any and all other powers and authorities available pursuant to Chapter 167 of the Ohio Revised Code. Participating political subdivisions appoint one representative to CVD and this representative is the Mayor, Safety Director, or Chairman of the Board of Trustees or other official designated by the enabling legislation passed by the political subdivision. Each Member of CVD is entitled to one (1) vote on each item under consideration by the board. Financial information can be obtained by contacting Virginia Price at the Chagrin Valley Dispatch, 88 Center Avenue, Suite B100, Bedford, Ohio 44146 or by calling (440) 247-7321.

Village of Hunting Valley
Cuyahoga County
Combined Statement of Receipts, Disbursements and Changes in
Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2016

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Debt Service	
Cash Receipts				
Property and Other Local Taxes	\$ 620,733	\$ 38,802	\$ -	\$ 659,535
Intergovernmental	289,760	44,415	-	334,175
Charges for Services	204,037	-	-	204,037
Fines, Licenses and Permits	186,082	-	-	186,082
Earnings on Investments	1,434,124	-	-	1,434,124
Miscellaneous	119,286	-	-	119,286
<i>Total Cash Receipts</i>	2,854,022	83,217	-	2,937,239
Cash Disbursements				
Current:				
Security of Persons and Property	1,694,705	41,900	-	1,736,605
Basic Utility Services	101,234	-	-	101,234
Transportation	668,606	16,600	-	685,206
General Government	931,969	-	-	931,969
Capital Outlay	1,641,884	-	-	1,641,884
Debt Service:				
Principal Retirement	-	-	11,238	11,238
<i>Total Cash Disbursements</i>	5,038,398	58,500	11,238	5,108,136
<i>Excess of Receipts Over (Under) Disbursements</i>	(2,184,376)	24,717	(11,238)	(2,170,897)
Other Financing Receipts (Disbursements)				
Other Debt Proceeds	224,748	-	-	224,748
Transfers In	-	-	11,238	11,238
Transfers Out	(11,238)	-	-	(11,238)
<i>Total Other Financing Receipts (Disbursements)</i>	213,510	-	11,238	224,748
<i>Net Change in Fund Cash Balances</i>	(1,970,866)	24,717	-	(1,946,149)
<i>Fund Cash Balances, January 1</i>	65,161,941	2,586	-	65,164,527
Fund Cash Balances, December 31				
Restricted	-	27,303	-	27,303
Assigned	2,320,535	-	-	2,320,535
Unassigned	60,870,540	-	-	60,870,540
<i>Fund Cash Balances, December 31</i>	<u>\$ 63,191,075</u>	<u>\$ 27,303</u>	<u>\$ -</u>	<u>\$ 63,218,378</u>

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

Village of Hunting Valley
Cuyahoga County
Combined Statement of Receipts, Disbursements and Changes in
Fund Balances (Regulatory Cash Basis)
Fiduciary Fund Type
For the Year Ended December 31, 2016

	Fiduciary Fund Type
	Agency
Operating Cash Receipts	
Earnings on Investments	\$ 114
Miscellaneous	125,057
<i>Total Operating Cash Receipts</i>	125,171
Operating Cash Disbursements	
Other	138,400
<i>Total Operating Cash Disbursements</i>	138,400
<i>Net Change in Fund Cash Balances</i>	(13,229)
<i>Fund Cash Balances, January 1</i>	238,866
<i>Fund Cash Balances, December 31</i>	\$ 225,637

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

Village of Hunting Valley
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2016

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. A publicly-elected six-member Council directs the Village. The Village provides street repair and maintenance and police protection. The Village contracts with the Village of Chagrin Falls Suburban Fire Department to provide its residents with fire protection and ambulance services.

Jointly Governed Organizations

The Village participates in the Chagrin Valley Dispatch Council, Northeast Ohio Public Energy Council, and Suburban Water Regional Council of Governments, all jointly governed organizations. Note 12 to the financial statements provides additional information for these entities.

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

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for the fiduciary fund type which are organized on a fund type basis.

Fund Accounting

The Village uses funds 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. The funds of the Village are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

Street Construction, Maintenance, and Repair Fund The street construction, maintenance and repair fund accounts for and reports receipts of gasoline tax and motor vehicle tax money for the purpose of constructing, maintaining, and repairing Village streets.

Police Pension Fund The police pension fund accounts for and reports receipts of property tax monies restricted for the purpose of police pension and termination payments.

Debt Service Funds These funds account for and report financial resources that are committed to expenditure for principal and interest. The Village had the following significant Debt Service Fund:

Village of Hunting Valley
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 2 - Summary of Significant Accounting Policies (continued)

Debt Service Fund The debt service fund accounts for and reports the monies set aside for the purpose of repaying at outstanding obligations that the Village incurred.

Fiduciary Funds Fiduciary funds include agency funds. Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency funds accounts for various deposits to be remitted once projects are completed.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary disbursements when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

The Ohio Revised Code requires that each fund to be budgeted annually.

Appropriations Budgetary disbursements (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must approve estimated resources.

Encumbrances The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2016 budgetary activity appears in Note 3.

Deposits and Investments

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

Village of Hunting Valley
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 2 - Summary of Significant Accounting Policies (continued)

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value. Municipal Bonds and U.S. Government Agency obligation are recorded at historical cost.

Capital Assets

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

Accumulated Leave

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

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed Council can *commit* amounts via formal action (ordinance or resolution). The Village must adhere to these commitments unless Council amends the ordinance or resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Council or a Village official delegated that authority by resolution, or by State Statute. Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenues and appropriations in the subsequent year's appropriated budget in the General Fund.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

Village of Hunting Valley
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 2 - Summary of Significant Accounting Policies (continued)

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Note 3 - Budgetary Activity

Budgetary activity for the year ending December 31, 2016 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 744,310	\$ 3,078,770	\$ 2,334,460
Special Revenue	307,598	83,217	(224,381)
Debt Service	-	11,238	11,238

2016 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 5,546,238	\$ 5,281,657	\$ 264,581
Special Revenue	82,000	79,000	3,000
Debt Service	11,238	11,238	-

Note 4 – Deposits and Investments

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

	2016
Demand deposits	\$ 1,782,398
Certificates of deposit	4,729,965
Total deposits	6,512,363
Municipal Bonds	29,090,631
Governmental Agencies	27,840,895
STAR Ohio	126
Total investments	56,931,652
Total deposits and investments	\$ 63,444,015

Village of Hunting Valley
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 4 – Deposits and Investments (continued)

Deposits

Deposits are insured by the Federal Depository Insurance Corporation; collateralized by securities specifically pledged by the financial institution to the Village; or collateralized by the financial institution's public entity deposit pool.

Investments

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

Note 5 – Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20. Public utilities are also taxed on personal and real property located within the Village.

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

Note 6 - Risk Management

The Village is exposed to various risks of property and casualty losses, and injuries to employees. The Village insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. York Insurance Services Group, Inc. (York) functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by York. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2016, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

Village of Hunting Valley
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 6 - Risk Management (continued)

The aforementioned casualty and property reinsurance agreement does not discharge PEP’s primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

PEP’s financial statements (audited by other auditor’s) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2016.

	<u>2016</u>
Assets	\$42,182,281
Liabilities	<u>(13,396,700)</u>
Net Position	<u>\$28,785,581</u>

At December 31, 2017 the liabilities above include approximately \$12.0 million of estimated incurred claims payable. The assets above also include approximately \$11.5 million of unpaid claims to be billed. The Pool’s membership increased to 520 members in 2016. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2016, the Village’s share of these unpaid claims collectible in future years is approximately \$23,000.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

<u>2016 Contributions to PEP</u> \$36,905
--

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year’s contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Most Village employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include postretirement healthcare and survivor and disability benefits.

Village of Hunting Valley
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 7 - Defined Benefit Pension Plans (continued)

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2016.

Ohio Police and Fire Pension Fund

The Village's full-time Police Officers belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2016.

Note 8 - Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributed 2% of the employer contribution to fund these benefits, and OP&F contributed 0.5% to fund these benefits.

Note 9 – Debt

Debt outstanding at December 31, 2016 was as follows:

	Principal	Interest Rate
OPWC Loan # CT04O	\$ 196,657	0%
OPWC Loan # CT06S	224,748	0%
Total	\$ 421,405	

The Ohio Public Works Commission (OPWC) Loan (Fairmount Reconstruction Loan) is a zero interest loan for the project known as Fairmount I to reconstruct that road. This loan will be repaid from the Bond Retirement fund of the Village.

The Ohio Public Works Commission (OPWC) Loan (Fairmount Reconstruction Loan) is a zero interest loan for the project known as Fairmount Phase II to reconstruct that road. This loan will be repaid from the Bond Retirement fund of the Village.

Village of Hunting Valley
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 9 – Debt (continued)

Amortization

Amortization of the above debt is scheduled as follows:

Year ending December 31:	OPWC #CT04O	OPWC #CT06S
2017	\$ 11,238	\$ 11,238
2018	11,238	11,238
2019	11,238	11,238
2020	11,238	11,238
2021	11,238	11,238
2022-2026	56,190	56,190
2027-2031	56,190	56,190
2032-2036	28,087	56,178
Total	<u>\$ 196,657</u>	<u>\$ 224,748</u>

Note 10 – Contingent Liabilities

The Village may be a defendant in lawsuits. Although management cannot presently determine the outcome of any suit, management believes that the resolution of any matter will not materially adversely affect the Village’s financial condition.

Note 11 – Transfers

During 2016, the Village made a transfer from General fund to Debt Service fund to provide for debt obligation expenditures. All transfers were approved in accordance with Ohio Revised Code sections 5705.14, 5705.15 and 5705.16.

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.

Village of Hunting Valley
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 12 – Jointly Governed Organizations (continued)

NOPEC is governed by a General Assembly made up of one representative from each member community. 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 2016. 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 sixteen 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 Steve Presley at the City of Bay Village, (440) 871-2200.

Chagrin Valley Dispatch Council

The Village is a member of the Chagrin Valley Dispatch Council (CVD). CVD is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. CVD was formed to promote cooperative arrangements and coordinate action among its members in matters relating to the dispatch of public safety services and the operation of the Chagrin Valley Regional Communications Center (RCC). Participation in CVD was initially limited to political subdivisions located within the Chagrin Valley that were currently receiving public safety dispatch services from the Village of Chagrin Falls. At December 31, 2016 it is comprised of sixteen communities. It is authorized to perform all functions necessary to improve, maintain and operate the RCC including entering into contractual arrangements for necessary services; to employ staff; purchase, lease or otherwise provide for supplies, materials and equipment and facilities; accept an raise public and private funding; and any and all other powers and authorities available pursuant to Chapter 167 of the Ohio Revised Code. Participating political subdivisions appoint one representative to CVD and this representative is the Mayor, Safety Director, or Chairman of the Board of Trustees or other official designated by the enabling legislation passed by the political subdivision. Each Member of CVD is entitled to one (1) vote on each item under consideration by the board. Financial information can be obtained by contacting Virginia Price at the Chagrin Valley Dispatch, 88 Center Avenue, Suite B100, Bedford, Ohio 44146 or by calling (440) 247-7321.

Rockefeller Building
614 W Superior Ave Ste 1242
Cleveland OH 44113-1306
Office phone - (216) 575-1630
Fax - (216) 436-2411

Charles E. Harris & Associates, Inc.
Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts and disbursements by fund type of the Village of Hunting Valley, Cuyahoga County (the Village) as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements and have issued our report thereon dated May 15, 2018, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

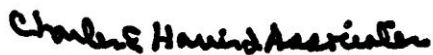
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated May 15, 2018.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Charles E. Harris and Associates, Inc.
May 15, 2018



Dave Yost • 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
JULY 24, 2018