



OHIO AUDITOR OF STATE
KEITH FABER



**ORANGE VILLAGE
CUYAHOGA COUNTY
DECEMBER 31, 2019 AND 2018**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types For the Year Ended December 31, 2019.....	5
Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – Fiduciary Fund Type For the Year Ended December 31, 2019.....	6
Notes to the Financial Statements For the Year Ended December 31, 2019.....	7
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types For the Year Ended December 31, 2018.....	19
Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – Fiduciary Fund Type For the Year Ended December 31, 2018.....	20
Notes to the Financial Statements For the Year Ended December 31, 2018.....	21
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	33
Prepared by Management:	
Summary Schedule of Prior Audit Findings.....	35

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INDEPENDENT AUDITOR'S REPORT

Orange Village
Cuyahoga County
4600 Lander Road
Orange Village, 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 Orange Village, Cuyahoga County, Ohio (the Village) as of and for the years ended December 31, 2019 and 2018.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting 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 responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider 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 to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support 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 determinable, 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, 2019 and 2018, and the respective 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 Orange Village, Cuyahoga County, as of December 31, 2019 and 2018, and 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.

Emphasis of Matter

As discussed in Note 12 to the 2019 financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 24, 2022, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on 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.



Keith Faber
Auditor of State
Columbus, Ohio

January 24, 2022

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Orange Village, Ohio
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, 2019

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$1,361,579	\$57,343	\$0	\$673,319	\$2,092,241
Payment in Lieu of Taxes	0	1,463,855	0	0	1,463,855
Municipal Income Tax	6,225,076	0	0	0	6,225,076
Intergovernmental	134,491	185,290	0	142,380	462,161
Special Assessments	0	0	554,852	0	554,852
Charges for Services	149,152	0	0	0	149,152
Fines, Licenses and Permits	428,143	3,907	0	18,000	450,050
Earnings on Investments	180,511	5,874	0	15,017	201,402
Miscellaneous	172,283	0	0	78,493	250,776
<i>Total Cash Receipts</i>	<u>8,651,235</u>	<u>1,716,269</u>	<u>554,852</u>	<u>927,209</u>	<u>11,849,565</u>
Cash Disbursements					
Current:					
Security of Persons and Property	3,147,580	304,182	0	0	3,451,762
Community Environment	281,625	0	0	0	281,625
Basic Utility Services	209,467	0	0	0	209,467
Transportation	847,033	172,631	0	5,350	1,025,014
General Government	1,598,114	0	0	0	1,598,114
Capital Outlay	0	0	0	4,794,073	4,794,073
Debt Service:					
Principal Retirement	0	0	6,105,829	0	6,105,829
Interest and Fiscal Charges	0	0	288,523	0	288,523
<i>Total Cash Disbursements</i>	<u>6,083,819</u>	<u>476,813</u>	<u>6,394,352</u>	<u>4,799,423</u>	<u>17,754,407</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>2,567,416</u>	<u>1,239,456</u>	<u>(5,839,500)</u>	<u>(3,872,214)</u>	<u>(5,904,842)</u>
Other Financing Receipts (Disbursements)					
Proceeds from Refunding Bonds	0	0	799,000	0	799,000
Proceeds from Sale of Notes	0	0	5,150,000	0	5,150,000
Premium on Sale of Notes	0	0	34,968	0	34,968
Sale of Capital Assets	450	0	0	5,000	5,450
Transfers In	0	220,000	9,508	723,000	952,508
Transfers Out	(943,000)	0	0	(9,508)	(952,508)
Other Financing Uses - Pinecrest Debt Service	0	(1,230,744)	0	0	(1,230,744)
Other Financing Uses - Pinecrest	0	(233,111)	0	0	(233,111)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(942,550)</u>	<u>(1,243,855)</u>	<u>5,993,476</u>	<u>718,492</u>	<u>4,525,563</u>
<i>Net Change in Fund Cash Balances</i>	1,624,866	(4,399)	153,976	(3,153,722)	(1,379,279)
<i>Fund Cash Balances, January 1</i>	<u>2,326,710</u>	<u>362,171</u>	<u>264,554</u>	<u>6,139,094</u>	<u>9,092,529</u>
Fund Cash Balances, December 31					
Restricted	0	357,772	418,530	604,677	1,380,979
Assigned	120,190	0	0	2,380,695	2,500,885
Unassigned (Deficit)	3,831,386	0	0	0	3,831,386
<i>Fund Cash Balances, December 31</i>	<u>\$3,951,576</u>	<u>\$357,772</u>	<u>\$418,530</u>	<u>\$2,985,372</u>	<u>\$7,713,250</u>

See accompanying notes to the basic financial statements

Orange Village, Ohio
Cuyahoga County
Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
Fiduciary Fund Type
For the Year Ended December 31, 2019

	<i>Agency</i>
Non-Operating Cash Receipts	
Miscellaneous Receipts - Deposits	\$430,715
Non-Operating Cash Disbursements	
Personal Services	(487,022)
<i>Net Change in Fund Cash Balances</i>	(56,307)
<i>Fund Cash Balances, January 1</i>	548,101
<i>Fund Cash Balances, December 31</i>	\$491,794
<i>See accompanying notes to the basic financial statements</i>	

Orange Village, Ohio
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 1 – Reporting Entity

Orange Village (the Village), Cuyahoga County, 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 Mayor and seven-member Council direct the Village. The Village provides general government services, including police, fire, rubbish, snow removal, building inspections and recreation programs.

Jointly Governed Organizations

The Village participates in jointly governed organizations. Note 11 to the financial statements provide 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 statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for its fiduciary fund type which are all 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 or committed 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 The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

Police Pension Fund The police pension fund accounts for property taxes and transfers from the General Fund which are used to pay police pension obligations.

Orange Village, Ohio
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Debt Service Funds The debt service fund accounts for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village's debt service fund receives special assessment receipts and transfers from the Infrastructure Levy Fund which are used to retired bond and note debt.

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant capital project funds:

Capital Improvements Fund This fund is used for major expenditures to purchase land or improve or construct Village buildings.

Capital Equipment Fund This fund is used to fund major expenditures to purchase equipment and vehicles.

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

Fiduciary Funds The Village's fiduciary funds are 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 fund is used to account for the collection and distribution of contractor's deposits and Mayor's Court.

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 expenditures 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 (except certain agency funds) be budgeted annually.

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

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

Orange Village, Ohio
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Encumbrances The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2019 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.

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.

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. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

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 (resolution). The Village must adhere to these commitments unless the Council amends the 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.

Orange Village, Ohio
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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.

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, 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$7,311,815	\$8,651,685	\$1,339,870
Special Revenue	1,905,276	1,936,269	30,993
Debt Service	6,516,998	6,548,328	31,330
Capital Projects	1,450,505	1,655,209	204,704
Total	\$17,184,594	\$18,791,491	\$1,606,897

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$7,236,993	\$7,026,819	\$210,174
Special Revenue	1,992,580	1,940,668	51,912
Debt Service	6,394,384	6,394,352	32
Capital Projects	6,770,073	4,808,931	1,961,142
Total	\$22,394,030	\$20,170,770	\$2,223,260

Orange Village, Ohio
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2019

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:

	<u>2019</u>
Demand deposits	\$652,624
Cash on hand	11,661
Certificates of deposit	<u>3,080,000</u>
Total deposits	<u>3,744,285</u>
STAR Ohio	<u>4,460,759</u>
Total deposits and investments	<u><u>\$8,205,044</u></u>

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Investments

Investments in STAR Ohio and mutual funds 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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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 July.

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.

Orange Village, Ohio
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Income Taxes

The Village levies a municipal income tax of 2 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

Pinecrest TIF

On March 26, 2017, the Village entered into an agreement with the Cleveland-Cuyahoga County Port Authority and Pinecrest Project Partners LLC (the “Developer”), the developer of the commercial portion of Pinecrest, a mixed use project in the Village, whereby certain parcels of real property located in the Village will have improvements made to them and be exempted from real property taxation for 30 years. As part of this agreement, the Village will pay its portion of the Tax Increment Financing (TIF) receipts to the Cleveland-Cuyahoga County Port Authority as part of the debt service payments on the bonds issued for the project. The Village has also agreed to pay the School District a portion of the TIF receipts as part of revenue on improvements to the property. In addition, the Village has agreed to pay the Orange City School District a portion of municipal income taxes received by the Village and derived from ongoing operations of the commercial portion of the project.

Note 6 – Risk Management

Workers’ Compensation

Workers’ Compensation coverage is provided by the State of Ohio. 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.

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

The Village also provides for health insurance, life insurance and dental insurance to full-time employees through a private carrier.

Orange Village, Ohio
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2019

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 health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2019.

Ohio Police and Fire Retirement System

The Village's certified Fire Fighters and 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 health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages. The Village has paid all contributions required through December 31, 2019.

Social Security

The Village's part-time fire fighters hired after August 3, 1992 contribute to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2018.

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 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2019. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

Orange Village, Ohio
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 9 – Debt

Debt outstanding at December 31, 2019, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Orange Place South Extension Bonds	\$600,000	2.25% to 5.125%
Emery Road and Orange Place North Improvements		
Refunding Bonds	690,000	2.61%
Cuyahoga County - Chagrin Highlands Bonds	545,000	4.65% to 5.5%
Recreation Trails Bond Anticipation Notes	5,150,000	3%
Ohio Public Works Commission Loan - Orange Place North	32,886	0%
Ohio Public Works Commission Loan - Harvard Road	19,015	0%
Ohio Water Development Authority Loan - Sewer and		
Stormwater Line Construction #3266	404,647	4%
Ohio Water Development Authority Loan - Water Line		
Construction #3271	<u>241,923</u>	4%
Total	<u>\$7,683,471</u>	

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

The Village issued Various Purpose Refunding Bonds in 2019 in the amount of \$799,000 at an interest rate of 2.61% to refinance the Orange Place North and Emery Road Improvement Bonds. The Orange Place North Bonds were issued in 2006 for \$705,000 for the purpose of improving a portion of Orange Place by repaving, widening and installing sidewalks, curbs, landscaping and streetscaping. The Emery Road Improvement Bonds were issued in 2007 for \$720,000 for the purpose of improving Emery Road by installing watermains and connections. The bonds are being repaid in semiannual installments, including interest, through 2027. The bonds are being paid through special assessments.

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

The Recreation Trails Bond Anticipation Notes relate to an agreement entered into in 2015 between Orange Village and Walnut Hills (Pinecrest) for the construction of all-purpose trails serving the Village. The Village issued \$5,150,000 of bond anticipation notes in 2019. The notes will be rolled into bonds upon completion of the project and will be paid through special assessments.

Orange Village, Ohio
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2019

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

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

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

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

Amortization

Amortization of the above debt, including interest, is scheduled as follows:

Year Ending December 31:	Orange Place South Extension Bonds	Emery Road and Orange Place North Improvements Refunding Bonds	Cuyahoga County - Chagrin Highlands Bonds	Recreation Trails Bond Anticipation Notes	Orange Place North OPWC Loan
2020	\$130,750	\$122,009	\$118,800	\$5,253,000	\$5,059
2021	145,625	122,295	124,050	0	5,059
2022	139,475	123,502	123,800	0	5,059
2023	143,325	123,605	124,400	0	5,059
2024	136,663	128,629	124,800	0	5,059
2025-2029	0	137,533	0	0	7,589
Total	\$695,838	\$757,573	\$615,850	\$5,253,000	\$32,884

Year Ending December 31:	Harvard Road OPWC Loan	Sewer and Stormwater Line OWDA Loan #3266	Water Line OWDA Loan #3271	Total
2019	\$9,508	\$86,539	\$51,738	\$5,777,403
2020	9,508	88,278	52,778	547,593
2021	0	90,131	53,886	535,853
2022	0	92,105	55,066	543,560
2023	0	94,208	56,323	545,682
2024-2028	0	0	0	145,122
Total	\$19,016	\$451,261	\$269,791	\$8,095,213

Orange Village, Ohio
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 10 – Joint Economic Development Zone Agreement

The Village has a Joint Economic Development Zone Agreement with the Cities of Cleveland and Warrensville Heights entered into pursuant to Ohio Revised Code Section 715.69. The City of Cleveland owns property currently situated in the City of Warrensville Heights and the Village, and desires to develop the property to create job opportunities as well as tax and other revenue. The Village is responsible for providing municipal services. The three municipalities have agreed to share in the zone agreement income tax revenues generated from this agreement. The City of Cleveland, City of Warrensville Heights and the Village will receive 37.5%, 12.5% and 50%, respectively, of the income tax revenue. The Village administers this income tax. During 2019, \$626,428 of gross zone agreement income tax revenue was collected, of which \$301,954 represents the Village's portion.

Note 11 – Jointly Governed Organizations

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 ORC. It 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 are currently receiving public dispatch services from the Village. It is currently comprised of 13 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 ORC. Participating political subdivisions appoint one representative to CVD. Each member of CVD is entitled to one vote on each item under consideration by the board. During 2019, the Village contributed \$251,047 to the CVD. Financial information can be obtained by contacting the City of Brecksville, 9069 Brecksville Road, Brecksville, Ohio 44141.

Chagrin/Southeast Council of Governments

The Village is a member of the Chagrin/Southeast Council of Governments (the Council), a regional council of governments formed under Chapter 167 of the Ohio Revised Code. The Council operates the Chagrin/Southeast HazMat Response Team. The team was formed in 1990 to assist local fire departments in responding to incidents involving industrial chemicals. The Council has established two subsidiary organizations, the West Shore Hazardous Materials Committee which provides hazardous material protection and assistance, and the West Shore Enforcement Bureau which provides extra assistance to cities in the form of a Swat Team. The Village contributed \$3,500 to the Council in 2019. Financial information can be obtained by contacting the Village of Glenwillow, 29555 Pettibone Road, Glenwillow, Ohio 44139.

Orange Village, Ohio
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2019

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 ORC. NOPEC was formed to serve as a vehicle for communities wishing to proceed jointly with an aggregation program for the purchase of energy. NOPEC is currently comprised of members in 200 communities in 13 counties who have been authorized by ballot to purchase energy on behalf of their citizens. The intent of NOPEC is to provide energy at the lowest possible rates while at the same time ensuring stability in prices by entering into long-term contracts with suppliers to provide energy 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 community then elect one person to serve on the ten-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 2019. Financial information can be obtained by contacting NOPEC, 31360 Solon Road, Suite 33, Solon, Ohio 44139.

Valley Enforcement Regional Council of Governments

The Village is a member of Valley Enforcement Regional Council of Governments (VERCOG), 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. 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. The Village contributed \$8,000 to VERCOG in 2019. Financial information can be obtained by contacting the City of Pepper Pike, 28000 Shaker Blvd., Pepper Pike, Ohio 44124.

Note 12 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio’s state of emergency ended in June, 2021 while the national state of emergency continues. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The impact on the Village’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

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Orange Village, Ohio
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, 2018

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$1,008,737	\$50,564	\$0	\$623,648	\$1,682,949
Municipal Income Tax	4,348,261	0	0	0	4,348,261
Intergovernmental	123,730	157,769	0	148,566	430,065
Special Assessments	0	2,746	610,214	0	612,960
Charges for Services	147,339	0	0	0	147,339
Fines, Licenses and Permits	514,272	6,639	0	80,250	601,161
Earnings on Investments	50,634	2,128	0	3,669	56,431
Miscellaneous	135,850	0	0	79,465	215,315
<i>Total Cash Receipts</i>	<u>6,328,823</u>	<u>219,846</u>	<u>610,214</u>	<u>935,598</u>	<u>8,094,481</u>
Cash Disbursements					
Current:					
Security of Persons and Property	2,933,787	261,324	0	0	3,195,111
Leisure Time Activities	0	0	0	17,607	17,607
Community Environment	301,414	0	0	0	301,414
Basic Utility Services	203,218	0	0	0	203,218
Transportation	848,418	94,947	0	6,046	949,411
General Government	1,543,434	0	0	0	1,543,434
Capital Outlay	0	0	0	797,230	797,230
Debt Service:					
Principal Retirement	0	0	494,639	0	494,639
Interest and Fiscal Charges	0	0	195,903	0	195,903
<i>Total Cash Disbursements</i>	<u>5,830,271</u>	<u>356,271</u>	<u>690,542</u>	<u>820,883</u>	<u>7,697,967</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>498,552</u>	<u>(136,425)</u>	<u>(80,328)</u>	<u>114,715</u>	<u>396,514</u>
Other Financing Receipts (Disbursements)					
Proceeds from Sale of Notes	0	0	0	5,000,000	5,000,000
Premium on Sale of Notes	0	0	53,950	0	53,950
Sale of Capital Assets	174,876	0	0	7,839	182,715
Transfers In	0	195,000	9,508	629,876	834,384
Transfers Out	(824,876)	0	0	(9,508)	(834,384)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(650,000)</u>	<u>195,000</u>	<u>63,458</u>	<u>5,628,207</u>	<u>5,236,665</u>
<i>Net Change in Fund Cash Balances</i>	<u>(151,448)</u>	<u>58,575</u>	<u>(16,870)</u>	<u>5,742,922</u>	<u>5,633,179</u>
<i>Fund Cash Balances, January 1</i>	<u>2,478,158</u>	<u>303,596</u>	<u>281,424</u>	<u>396,172</u>	<u>3,459,350</u>
Fund Cash Balances, December 31					
Restricted	0	362,171	264,554	666,644	1,293,369
Assigned	0	0	0	5,472,450	5,472,450
Unassigned	2,326,710	0	0	0	2,326,710
<i>Fund Cash Balances, December 31</i>	<u>\$2,326,710</u>	<u>\$362,171</u>	<u>\$264,554</u>	<u>\$6,139,094</u>	<u>\$9,092,529</u>

See accompanying notes to the basic financial statements

Orange Village, Ohio
Cuyahoga County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
Fiduciary Fund Type
For the Year Ended December 31, 2018

	<i>Agency</i>
Non-Operating Cash Receipts	
Miscellaneous Receipts - Deposits	\$720,840
Non-Operating Cash Disbursements	
Personal Services	(494,526)
<i>Net Change in Fund Cash Balances</i>	226,314
<i>Fund Cash Balances, January 1</i>	321,787
<i>Fund Cash Balances, December 31</i>	\$548,101

See accompanying notes to the basic financial statements

Orange Village, Ohio
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 1 – Reporting Entity

Orange Village (the Village), Cuyahoga County, 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 Mayor and seven-member Council direct the Village. The Village provides general government services, including police, fire, rubbish, snow removal, building inspections and recreation programs.

Jointly Governed Organizations

The Village participates in jointly governed organizations. Note 11 to the financial statements provide 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 statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for its fiduciary fund type which are all 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 or committed 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 The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

Police Pension Fund The police pension fund accounts for property taxes and transfers from the General Fund which are used to pay police pension obligations.

Orange Village, Ohio
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Debt Service Funds The debt service fund accounts for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village's debt service fund receives special assessment receipts and transfers from the Infrastructure Levy Fund which are used to retired bond and note debt.

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant capital project funds:

Capital Improvements Fund This fund is used for major expenditures to purchase land or improve or construct Village buildings.

Capital Equipment Fund This fund is used to fund major expenditures to purchase equipment and vehicles.

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

Fiduciary Funds The Village's fiduciary funds are 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 fund is used to account for the collection and distribution of contractor's deposits and Mayor's Court.

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 expenditures 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 (except certain agency funds) be budgeted annually.

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

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

Orange Village, Ohio
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Encumbrances The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2018 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.

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.

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. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

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 (resolution). The Village must adhere to these commitments unless the Council amends the 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.

Orange Village, Ohio
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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.

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, 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$6,491,250	\$6,503,699	\$12,449
Special Revenue	420,700	414,846	(5,854)
Debt Service	659,000	673,672	14,672
Capital Projects	6,521,626	6,573,313	51,687
Total	\$14,092,576	\$14,165,530	\$72,954

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$6,906,436	\$6,655,148	\$251,288
Special Revenue	386,620	356,271	30,349
Debt Service	691,000	690,542	458
Capital Projects	853,500	830,391	23,109
Total	\$8,837,556	\$8,532,352	\$305,204

Orange Village, Ohio
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2018

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:

	<u>2018</u>
Demand deposits	\$1,088,993
Cash on hand	4,816
Certificates of deposit	<u>3,000,000</u>
Total deposits	<u>4,093,809</u>
STAR Ohio	<u>5,546,821</u>
Total deposits and investments	<u><u>\$9,640,630</u></u>

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Investments

Investments in STAR Ohio and mutual funds 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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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 July.

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.

Orange Village, Ohio
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Income Taxes

The Village levies a municipal income tax of 2 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

Note 6 – Risk Management

Workers' Compensation

Workers' Compensation coverage is provided by the State of Ohio. 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.

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

The Village also provides for health insurance, life insurance and dental insurance to full-time employees through a private carrier.

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 health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2018.

Orange Village, Ohio
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Ohio Police and Fire Retirement System

The Village's certified Fire Fighters and 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 health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages. The Village has paid all contributions required through December 31, 2018.

Social Security

The Village's part-time fire fighters hired after August 3, 1992 contribute to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2018.

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 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2018. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F is changing its retiree health care model to a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses.

Orange Village, Ohio
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 9 – Debt

Debt outstanding at December 31, 2018, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Orange Place South Extension Bonds	\$700,000	2.25% to 5.125%
Orange Place North Bonds	305,000	4% to 5.25%
Cuyahoga County - Chagrin Highlands Bonds	460,000	4.65% to 5.5%
Emery Road Improvement Bonds	640,000	3%
Recreation Trails Bond Anticipation Notes	5,000,000	3%
Ohio Public Works Commission Loan - Orange Place North	37,945	0%
Ohio Public Works Commission Loan - Harvard Road	28,523	0%
Ohio Water Development Authority Loan - Sewer and Stormwater Line Construction #3266	471,354	4%
Ohio Water Development Authority Loan - Water Line Construction #3271	281,805	4%
Total	<u>\$7,924,627</u>	

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

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

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

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

The Recreation Trails Bond Anticipation Notes relate to an agreement entered into in 2015 between Orange Village and Walnut Hills (Pinecrest) for the construction of all-purpose trails serving the Village. The Village issued \$5,000,000 of bond anticipation notes in 2018. The notes will be rolled into bonds upon completion of the project and will be paid through special assessments.

Orange Village, Ohio
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2018

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

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

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

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

Amortization

Amortization of the above debt, including interest, is scheduled as follows:

Year Ending December 31:	Orange Place South Extension Bonds	Orange Place North Bonds	Emery Road Improvement Bonds	Cuyahoga County - Chagrin Highlands Bonds	Recreation Trails Bond Anticipation Notes
2019	\$135,875	\$61,013	\$70,300	\$123,550	\$5,150,000
2020	130,750	58,650	67,825	118,800	0
2021	145,625	61,288	65,350	124,050	0
2022	139,475	58,663	67,875	123,800	0
2023	143,325	61,038	65,125	124,400	0
2024-2028	136,663	63,150	256,075	124,800	0
Total	<u>\$831,713</u>	<u>\$363,802</u>	<u>\$592,550</u>	<u>\$739,400</u>	<u>\$5,150,000</u>

Year Ending December 31:	Orange Place North OPWC Loan	Harvard Road OPWC Loan	Sewer and Stormwater Line OWDA Loan #3266	Water Line OWDA Loan #3271	Total
2019	\$5,059	\$9,507	\$84,905	\$50,762	\$5,690,971
2020	5,059	9,508	86,539	51,738	528,869
2021	5,059	9,508	88,278	52,778	551,936
2022	5,059	0	90,131	53,886	538,889
2023	5,059	0	92,105	55,066	546,118
2024-2028	12,649	0	94,208	56,323	743,868
Total	<u>\$37,944</u>	<u>\$28,523</u>	<u>\$536,166</u>	<u>\$320,553</u>	<u>\$8,600,651</u>

Orange Village, Ohio
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 10 – Joint Economic Development Zone Agreement

The Village has a Joint Economic Development Zone Agreement with the Cities of Cleveland and Warrensville Heights entered into pursuant to Ohio Revised Code Section 715.69. The City of Cleveland owns property currently situated in the City of Warrensville Heights and the Village, and desires to develop the property to create job opportunities as well as tax and other revenue. The Village is responsible for providing municipal services. The three municipalities have agreed to share in the zone agreement income tax revenues generated from this agreement. The City of Cleveland, City of Warrensville Heights and the Village will receive 37.5%, 12.5% and 50%, respectively, of the income tax revenue. The Village administers this income tax. During 2018, \$535,108 of gross zone agreement income tax revenue was collected, of which \$257,662 represents the Village's portion.

Note 11 – Jointly Governed Organizations

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 ORC. It 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 are currently receiving public dispatch services from the Village. It is currently comprised of 13 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 ORC. Participating political subdivisions appoint one representative to CVD. Each member of CVD is entitled to one vote on each item under consideration by the board. During 2018, the Village contributed \$239,682 to the CVD. Financial information can be obtained by contacting the City of Brecksville, 9069 Brecksville Road, Brecksville, Ohio 44141.

Chagrin/Southeast Council of Governments

The Village is a member of the Chagrin/Southeast Council of Governments (the Council), a regional council of governments formed under Chapter 167 of the Ohio Revised Code. The Council operates the Chagrin/Southeast HazMat Response Team. The team was formed in 1990 to assist local fire departments in responding to incidents involving industrial chemicals. The Council has established two subsidiary organizations, the West Shore Hazardous Materials Committee which provides hazardous material protection and assistance, and the West Shore Enforcement Bureau which provides extra assistance to cities in the form of a Swat Team. The Village contributed \$3,500 to the Council in 2018. Financial information can be obtained by contacting the Village of Glenwillow, 29555 Pettibone Road, Glenwillow, Ohio 44139.

Orange Village, Ohio
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2018

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 ORC. NOPEC was formed to serve as a vehicle for communities wishing to proceed jointly with an aggregation program for the purchase of energy. NOPEC is currently comprised of members in 200 communities in 13 counties who have been authorized by ballot to purchase energy on behalf of their citizens. The intent of NOPEC is to provide energy at the lowest possible rates while at the same time ensuring stability in prices by entering into long-term contracts with suppliers to provide energy 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 community then elect one person to serve on the ten-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 2018. Financial information can be obtained by contacting NOPEC, 31360 Solon Road, Suite 33, Solon, Ohio 44139.

Valley Enforcement Regional Council of Governments

The Village is a member of Valley Enforcement Regional Council of Governments (VERCOG), 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. 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. The Village contributed \$8,000 to VERCOG in 2018. Financial information can be obtained by contacting the City of Pepper Pike, 28000 Shaker Blvd., Pepper Pike, Ohio 44124.

Note 12 – Subsequent Event

On January 20, 2019, the Village issued Various Purpose Refunding Bonds Series 2019 in the amount of \$799,000 at an interest rate of 2.61 percent to refinance the Orange Place North and Emery Road Improvement Bonds.

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

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

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of Orange Village, Cuyahoga County, (the Village) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements and have issued our report thereon dated January 24, 2022, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(D) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Village.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. 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 internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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 financial statements. However, opining 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*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

January 24, 2022



Orange Village

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www.orangevillage.com

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

DECEMBER 31, 2019 AND 2018

Finding Number	Finding Summary	Status	Additional Information
2017-001	Agency Fund Transfers- Noncompliance and Material Weakness: Receipts and disbursements in the Village's agency funds were misposted as interfund transfers, requiring audit adjustments.	Fully Corrected	None

OHIO AUDITOR OF STATE KEITH FABER



**ORANGE VILLAGE
CUYAHOGA COUNTY**

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 2/15/2022

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov