



OHIO AUDITOR OF STATE
KEITH FABER



ORANGE VILLAGE
CUYAHOGA COUNTY

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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 Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of Orange Village, Cuyahoga County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental fund type combined total as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type combined total as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

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* section of our report, the accompanying financial statements 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, 2021 and 2020, or the changes in financial position thereof for the years then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Village, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that 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 financial statements are prepared by Village on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Emphases of Matter

As discussed in Note 14 to the financial statements for each year, 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.

As discussed in Note 15 to the financial statements for the year ended December 31, 2020, during 2020, the Village adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. We did not modify our opinion regarding this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 22, 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. 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.



Keith Faber
Auditor of State
Columbus, Ohio

July 22, 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, 2021

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$1,255,601	\$56,719	\$0	\$699,549	\$2,011,869
Payment in Lieu of Taxes	0	3,784,659	0	0	3,784,659
Municipal Income Tax	6,504,518	0	0	0	6,504,518
Intergovernmental	148,058	533,180	0	99,765	781,003
Special Assessments	0	2,804	559,214	0	562,018
Charges for Services	147,069	0	0	0	147,069
Fines, Licenses and Permits	737,022	1,963	0	21,750	760,735
Earnings on Investments	81,712	4,015	0	0	85,727
Miscellaneous	168,341	0	0	89,319	257,660
<i>Total Cash Receipts</i>	<u>9,042,321</u>	<u>4,383,340</u>	<u>559,214</u>	<u>910,383</u>	<u>14,895,258</u>
Cash Disbursements					
Current:					
Security of Persons and Property	3,352,247	472,111	0	0	3,824,358
Community Environment	592,460	1,370	0	0	593,830
Basic Utility Services	236,850	0	0	0	236,850
Transportation	895,486	92,344	0	7,146	994,976
General Government	1,988,359	3,399	0	0	1,991,758
Capital Outlay	0	0	0	1,564,013	1,564,013
Debt Service:					
Principal Retirement	0	0	5,671,020	0	5,671,020
Interest and Fiscal Charges	0	0	168,037	0	168,037
<i>Total Cash Disbursements</i>	<u>7,065,402</u>	<u>569,224</u>	<u>5,839,057</u>	<u>1,571,159</u>	<u>15,044,842</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,976,919</u>	<u>3,814,116</u>	<u>(5,279,843)</u>	<u>(660,776)</u>	<u>(149,584)</u>
Other Financing Receipts (Disbursements)					
Sale of Notes	0	0	5,275,000	0	5,275,000
Pinecrest Debt Service	0	(3,124,300)	0	0	(3,124,300)
Miscellaneous - Pinecrest TIF	0	(566,045)	0	0	(566,045)
Sale of Capital Assets	8,750	0	0	0	8,750
Transfers In	0	265,000	9,508	182,000	456,508
Transfers Out	(447,000)	0	0	(9,508)	(456,508)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(438,250)</u>	<u>(3,425,345)</u>	<u>5,284,508</u>	<u>172,492</u>	<u>1,593,405</u>
<i>Net Change in Fund Cash Balances</i>	1,538,669	388,771	4,665	(488,284)	1,443,821
<i>Fund Cash Balances, January 1</i>	<u>5,427,295</u>	<u>458,514</u>	<u>475,582</u>	<u>2,223,146</u>	<u>8,584,537</u>
<i>Fund Cash Balances, December 31</i>	<u>\$6,965,964</u>	<u>\$847,285</u>	<u>\$480,247</u>	<u>\$1,734,862</u>	<u>\$10,028,358</u>

See accompanying notes to the basic financial statements

Orange Village, Ohio
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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, which is 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.

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.

Orange Village, Ohio
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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.

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 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.

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 2021 budgetary activity appears in Note 3.

Orange Village, Ohio
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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.

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.

Orange Village, Ohio
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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, 2021 follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$8,627,754	\$9,051,071	\$423,317
Special Revenue	4,635,060	4,648,340	13,280
Debt Service	5,843,722	5,843,722	0
Capital Projects	1,097,315	1,092,383	(4,932)
Total	\$20,203,851	\$20,635,516	\$431,665

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$7,828,137	\$7,512,402	\$315,735
Special Revenue	4,451,115	4,259,569	191,546
Debt Service	5,883,878	5,839,057	44,821
Capital Projects	2,347,640	1,580,667	766,973
Total	\$20,510,770	\$19,191,695	\$1,319,075

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:

	2021
Demand deposits	\$2,158,287
Cash on hand	44,299
Certificates of deposit	5,236,212
Total deposits	7,438,798
STAR Ohio	2,589,560
Total deposits and investments	\$10,028,358

Orange Village, Ohio
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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.

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.

Orange Village, Ohio
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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. The amount paid in 2021 to the Orange City School District from the 2020 municipal income tax was \$374,479.

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, 2021.

Orange Village, Ohio
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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, 2021.

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, 2021.

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 2021. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2021. 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, 2021

Note 9 – Debt

Debt outstanding at December 31, 2021, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Orange Place South Extension Bonds Emery Road and Orange Place North Improvements	\$380,000	2.25% to 5.125%
Refunding Bonds	479,000	2.61%
Cuyahoga County - Chagrin Highlands Bonds	345,000	4.65% to 5.5%
Recreation Trails Bond Anticipation Notes	5,275,000	3%
Ohio Public Works Commission Loan - Orange Place North	22,766	0%
Ohio Water Development Authority Loan - Sewer and Stormwater Line Construction #3266	296,352	4%
Ohio Water Development Authority Loan - Water Line Construction #3271	177,178	4%
Total	<u>\$6,975,296</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, 2021

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
2022	\$139,475	\$123,502	\$123,800	\$5,285,550	\$5,059
2023	143,325	123,605	124,400	0	5,059
2024	136,663	128,629	124,800	0	5,059
2025	0	63,445	0	0	5,059
2026	0	65,879	0	0	2,530
2027	0	8,209	0	0	0
Total	\$419,463	\$513,269	\$373,000	\$5,285,550	\$22,766

Year Ending December 31:	Sewer and Stormwater Line OWDA Loan #3266	Water Line OWDA Loan #3271	Total
2022	\$89,190	\$53,324	\$5,823,944
2023	91,103	55,467	547,005
2024	93,140	55,685	548,024
2025	47,375	28,324	148,253
2026	0	0	72,461
2027	0	0	12,263
Total	\$320,808	\$192,800	\$7,151,950

Orange Village, Ohio
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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 2021, \$584,694 of gross zone agreement income tax revenue was collected, of which \$286,893 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 2021, the Village contributed \$230,385 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 2021. 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, 2021

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 2021. 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 \$10,000 to VERCOG in 2021. Financial information can be obtained by contacting the City of Pepper Pike, 28000 Shaker Blvd., Pepper Pike, Ohio 44124.

Note 12 – Contingent Liabilities

The Village is party to various legal proceedings. Although management cannot presently determine the outcome of these claims, management believes that the resolution of these matters will not materially adversely affect the Village’s financial condition.

Orange Village, Ohio
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 13 – Fund Balances

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies which cannot be spent for five years. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balance of unclaimed funds in the General Fund was \$95,374. The remaining balance of the Village's General Fund is unassigned. Encumbrances were canceled out at year-end for all funds.

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects fund are restricted committed or assigned. These restricted, committed and assigned amounts in the special revenue, debt service and capital projects funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 14 – 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. During 2021, the Village received COVID-19 funding. 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, 2020

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$1,030,757	\$54,342	\$0	\$670,233	\$1,755,332
Payment in Lieu of Taxes	0	3,601,119	0	0	3,601,119
Municipal Income Tax	5,977,380	0	0	0	5,977,380
Intergovernmental	122,984	389,480	0	88,385	600,849
Special Assessments	0	2,747	545,189	0	547,936
Charges for Services	205,402	0	0	0	205,402
Fines, Licenses and Permits	727,266	6,321	0	16,500	750,087
Earnings on Investments	115,073	4,562	0	12,395	132,030
Miscellaneous	458,215	3,919	0	305,712	767,846
<i>Total Cash Receipts</i>	<u>8,637,077</u>	<u>4,062,490</u>	<u>545,189</u>	<u>1,093,225</u>	<u>14,337,981</u>
Cash Disbursements					
Current:					
Security of Persons and Property	3,217,022	385,115	0	0	3,602,137
Community Environment	574,251	2,729	0	0	576,980
Basic Utility Services	223,510	0	0	0	223,510
Transportation	839,955	186,136	0	0	1,026,091
General Government	1,895,059	53,911	0	0	1,948,970
Capital Outlay	0	5,821	0	2,508,843	2,514,664
Debt Service:					
Principal Retirement	0	0	5,512,154	0	5,512,154
Interest and Fiscal Charges	0	0	221,735	0	221,735
<i>Total Cash Disbursements</i>	<u>6,749,797</u>	<u>633,712</u>	<u>5,733,889</u>	<u>2,508,843</u>	<u>15,626,241</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,887,280</u>	<u>3,428,778</u>	<u>(5,188,700)</u>	<u>(1,415,618)</u>	<u>(1,288,260)</u>
Other Financing Receipts (Disbursements)					
Sale of Notes	0	0	5,236,244	0	5,236,244
Pinecrest Debt Service	0	(3,013,189)	0	0	(3,013,189)
Miscellaneous - Pinecrest TIF	0	(564,847)	0	0	(564,847)
Sale of Capital Assets	9,545	0	0	0	9,545
Transfers In	0	250,000	9,508	662,900	922,408
Transfers Out	(912,900)	0	0	(9,508)	(922,408)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(903,355)</u>	<u>(3,328,036)</u>	<u>5,245,752</u>	<u>653,392</u>	<u>1,667,753</u>
<i>Net Change in Fund Cash Balances</i>	983,925	100,742	57,052	(762,226)	379,493
<i>Fund Cash Balances, January 1, Restated</i>	<u>4,443,370</u>	<u>357,772</u>	<u>418,530</u>	<u>2,985,372</u>	<u>8,205,044</u>
<i>Fund Cash Balances, December 31</i>	<u>\$5,427,295</u>	<u>\$458,514</u>	<u>\$475,582</u>	<u>\$2,223,146</u>	<u>\$8,584,537</u>

See accompanying notes to the basic financial statements

Orange Village, Ohio
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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, which is 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.

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.

Orange Village, Ohio
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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.

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 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.

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 2020 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.

Orange Village, Ohio
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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.

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.

Orange Village, Ohio
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$8,586,917	\$8,646,622	\$59,705
Special Revenue	4,409,242	4,312,490	(96,752)
Debt Service	5,790,941	5,790,941	0
Capital Projects	1,763,707	1,756,125	(7,582)
Total	\$20,550,807	\$20,506,178	(\$44,629)

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$8,207,108	\$7,662,697	\$544,411
Special Revenue	4,474,320	4,211,748	262,572
Debt Service	5,812,230	5,733,889	78,341
Capital Projects	4,022,028	2,518,351	1,503,677
Total	\$22,515,686	\$20,126,685	\$2,389,001

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:

	2020
Demand deposits	\$800,190
Cash on hand	5,691
Certificates of deposit	5,191,212
Total deposits	5,997,093
STAR Ohio	2,587,444
Total deposits and investments	\$8,584,537

Orange Village, Ohio
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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.

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.

Orange Village, Ohio
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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. The amount paid in 2020 to the Orange City School District from the 2019 municipal income tax was \$351,009.

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, 2020.

Orange Village, Ohio
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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, 2020.

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, 2020.

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 2020. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2020. 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, 2020

Note 9 – Debt

Debt outstanding at December 31, 2020, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Orange Place South Extension Bonds	\$500,000	2.25% to 5.125%
Emery Road and Orange Place North Improvements		
Refunding Bonds	586,000	2.61%
Cuyahoga County - Chagrin Highlands Bonds	450,000	4.65% to 5.5%
Recreation Trails Bond Anticipation Notes	5,200,000	3%
Ohio Public Works Commission Loan - Orange Place North	30,356	0%
Ohio Public Works Commission Loan - Harvard Road	14,262	0%
Ohio Water Development Authority Loan - Sewer and		
Stormwater Line Construction #3266	368,561	4%
Ohio Water Development Authority Loan - Water Line		
Construction #3271	<u>221,668</u>	4%
Total	<u><u>\$7,370,847</u></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, 2020

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
2021	\$145,625	\$122,295	\$124,050	\$5,252,000	\$7,589
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	0	63,445	0	0	5,059
2026-2027	0	74,088	0	0	2,530
Total	\$565,088	\$635,564	\$497,050	\$5,252,000	\$30,355

Year Ending December 31:	Harvard Road OPWC Loan	Sewer and Stormwater Line OWDA Loan #3266	Water Line OWDA Loan #3271	Total
2021	\$14,262	\$87,395	\$52,250	\$5,805,466
2022	0	89,190	53,324	534,350
2023	0	91,103	54,467	541,959
2024	0	93,140	55,685	543,976
2025	0	47,375	28,324	144,203
2026-2027	0	0	0	76,618
Total	\$14,262	\$408,203	\$244,050	\$7,646,572

Orange Village, Ohio
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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 2020, \$571,588 of gross zone agreement income tax revenue was collected, of which \$275,312 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 2020, the Village contributed \$265,592 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 2020. Financial information can be obtained by contacting the Village of Glenwillow, 29555 Pettibone Road, Glenwillow, Ohio 44139.

Orange Village, Ohio
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Notes to the Financial Statements
For the Year Ended December 31, 2020

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 2020. 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 \$10,000 to VERCOG in 2020. Financial information can be obtained by contacting the City of Pepper Pike, 28000 Shaker Blvd., Pepper Pike, Ohio 44124.

Note 12 – Contingent Liabilities

The Village is party to various legal proceedings. Although management cannot presently determine the outcome of these claims, management believes that the resolution of these matters will not materially adversely affect the Village’s financial condition.

Orange Village, Ohio
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 13 – Fund Balances

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies which cannot be spent for five years. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balance of unclaimed funds in the General Fund was \$90,521. The remaining balance of the Village's General Fund is unassigned. Encumbrances were canceled out at year-end for all funds.

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects fund are restricted committed or assigned. These restricted, committed and assigned amounts in the special revenue, debt service and capital projects funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 14 – 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. The Village's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined.

During 2020, the Village received CARES Act funding and grants or reimbursements for COVID-related expenditures. These funds were spent on operating costs and wages for the various departments impacted by COVID-19 and reported in the Coronavirus Relief Special Revenue Combined Fund on the accompanying financial statements. No funds were returned to the granting agency.

Note 15 – Change in Accounting Principles and Restatement of Fund Cash Balances

For 2020, the Village implemented GASB Statement No. 84, *Fiduciary Activities*, and related guidance from (GASB) Implementation Guide No. 2019-2, *Fiduciary Activities*.

GASB Statement No. 84 established specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business type activities should report their fiduciary activities. Due to the implementation of GASB Statement No. 84, the Village will no longer be reporting agency funds. The Village reviewed its agency funds and these funds will now be reported as part of the Village's General Fund.

These fund reclassifications resulted in the restatement of the Village's financial statements, as follows:

Orange Village, Ohio
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Notes to the Financial Statements
For the Year Ended December 31, 2020

	<u>General</u>	<u>Agency</u>	<u>Total</u>
Cash Fund Balances, December 31, 2019	\$3,951,576	\$491,794	\$4,443,370
Adjustments	<u>491,794</u>	<u>(491,794)</u>	<u>0</u>
Restated Cash Fund Balances, December 31, 2019	<u><u>\$4,443,370</u></u>	<u><u>\$0</u></u>	<u><u>\$4,443,370</u></u>

OHIO AUDITOR OF STATE KEITH FABER



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(800) 282-0370

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 of America and the 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 for each governmental fund type combined total as of and for the years ended December 31, 2021 and 2020 and the related notes to the financial statements of Orange Village, Cuyahoga County, (the Village) and have issued our report thereon dated July 22, 2022, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Village, and the Village adopted Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes 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 or significant deficiencies may exist that were not identified.

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from 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 financial statements. 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*.

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.



Keith Faber
Auditor of State
Columbus, Ohio

July 22, 2022

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 8/9/2022

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