



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Hunting Valley, Cuyahoga County, Ohio, (the Village) as of and for the years ended December 31, 1999 and December 31, 1998. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Hunting Valley, Cuyahoga County, Ohio, as of December 31, 1999 and December 31, 1998, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

As described in Note 2 to the accompanying financial statements, during fiscal year 1998, the Village changed its classification of the Non-Expendable Trust Funds.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2000 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 grants.

This report is intended solely for the information and use of management, Council, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

March 27, 2000

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES - GOVERNMENTAL FUND TYPES -
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Local Taxes	\$1,257,244	\$0	\$0	\$1,257,244
Intergovernmental	10,425,433	61,078	0	10,486,511
Special Assessments	0	0	59,309	59,309
Licenses, Permits, and Fees	70,308	0	0	70,308
Miscellaneous	689,098	0	0	689,098
Total Cash Receipts	<u>12,442,083</u>	<u>61,078</u>	<u>59,309</u>	<u>12,562,470</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	1,027,885	0	0	1,027,885
Community Environment	160,662	0	0	160,662
Transportation	365,850	50,915	0	416,765
General Government	756,664	0	587	757,251
Debt Service:				
Redemption of Principal	0	0	56,852	56,852
Interest and Fiscal Charges	0	0	4,444	4,444
Capital Outlay	181,804	0	0	181,804
Total Disbursements	<u>2,492,865</u>	<u>50,915</u>	<u>61,883</u>	<u>2,605,663</u>
Total Receipts Over/(Under) Program Disbursements	<u>9,949,218</u>	<u>10,163</u>	<u>(2,574)</u>	<u>9,956,807</u>
Other Financing Receipts/(Disbursements):				
Transfers-In	11,000	0	0	11,000
Total Other Financing Receipts/(Disbursements)	<u>11,000</u>	<u>0</u>	<u>0</u>	<u>11,000</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	9,960,218	10,163	(2,574)	9,967,807
Fund Cash Balances, January 1, 1999	<u>6,302,708</u>	<u>14,651</u>	<u>4,116</u>	<u>6,321,475</u>
Fund Cash Balances, December 31, 1999	<u>\$16,262,926</u>	<u>\$24,814</u>	<u>\$1,542</u>	<u>\$16,289,282</u>

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

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCE - FIDUCIARY FUND TYPE -
FOR THE YEAR ENDED DECEMBER 31, 1999**

	Agency Funds
Non-Operating Cash Receipts:	
Miscellaneous	\$151,013
Total Non-Operating Cash Receipts	151,013
Non-Operating Cash Disbursements:	
Other Non-Operating Cash Disbursements	157,776
Total Non-Operating Cash Disbursements	157,776
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers	(6,763)
Transfers-Out	(11,000)
Net Receipts Over/(Under) Disbursements	(17,763)
Fund Cash Balances, January 1, 1999	268,681
Fund Cash Balances, December 31, 1999	\$250,918

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES - GOVERNMENTAL FUND TYPES -
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Local Taxes	\$997,985	\$0	\$0	\$0	\$997,985
Intergovernmental	1,056,357	25,035	0	0	1,081,392
Special Assessments	0	0	15,178	0	15,178
Charges for Services	0	0	0	0	0
Licenses, Permits, and Fees	99,973	0	0	0	99,973
Miscellaneous	901,553	0	0	0	901,553
Total Cash Receipts	<u>3,055,868</u>	<u>25,035</u>	<u>15,178</u>	<u>0</u>	<u>3,096,081</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	1,064,957	0	0	0	1,064,957
Community Environment	101,716	0	0	0	101,716
Transportation	378,176	11,114	0	0	389,290
General Government	2,673,745	0	0	0	2,673,745
Debt Service:					
Redemption of Principal	0	0	9,000	0	9,000
Interest and Fiscal Charges	0	0	5,332	0	5,332
Capital Outlay	0	0	0	0	0
Total Disbursements	<u>4,218,594</u>	<u>11,114</u>	<u>14,332</u>	<u>0</u>	<u>4,244,040</u>
Total Receipts Over/(Under) Program Disbursements	<u>(1,162,726)</u>	<u>13,921</u>	<u>846</u>	<u>0</u>	<u>(1,147,959)</u>
Other Financing Receipts/(Disbursements):					
Other Sources	0	0	0	146,119	146,119
Other (Uses)	0	0	0	(146,119)	(146,119)
Transfers-Out	(835)	0	0	0	(835)
Total Other Financing Receipts/(Disbursements)	<u>(835)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(835)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(1,163,561)</u>	<u>13,921</u>	<u>846</u>	<u>0</u>	<u>(1,148,794)</u>
Fund Cash Balances, January 1, 1998	<u>7,466,269</u>	<u>730</u>	<u>3,270</u>	<u>0</u>	<u>7,470,269</u>
Fund Cash Balances, December 31, 1998	<u><u>\$6,302,708</u></u>	<u><u>\$14,651</u></u>	<u><u>\$4,116</u></u>	<u><u>\$0</u></u>	<u><u>\$6,321,475</u></u>

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

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCE - FIDUCIARY FUND TYPE -
FOR THE YEAR ENDED DECEMBER 31, 1998**

	Agency Funds
Non-Operating Cash Receipts:	
Miscellaneous	\$123,061
Total Non-Operating Cash Receipts	123,061
Non-Operating Cash Disbursements:	
Other Non-Operating Cash Disbursements	77,983
Total Non-Operating Cash Disbursements	77,983
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers	45,078
Transfers-In	835
Net Receipts Over/(Under) Disbursements	45,913
Fund Cash Balances, January 1, 1998	222,768
Fund Cash Balances, December 31, 1998	\$268,681

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Hunting Valley, Cuyahoga County, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six member Council and Mayor. The Village provides general governmental services, including road maintenance, building inspections and police protection. The Village contracts with the Village of Chagrin Falls for fire protection services.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Ohio Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 prescribed or permitted by the Ohio Auditor of State.

C. Cash and Investments

The Village invested in Certificates of Deposits and U.S. Treasury Notes which are valued at cost.

D. Fund Accounting

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Fund:

Street Construction, Maintenance and Repair Fund- This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining and repairing Village streets.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Debt Service Funds

The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness. The Village had the following significant Debt Service Fund:

Special Assessment Bond Retirement Fund - This fund is used to account for the payment of bonds which were issued for the repair of the Village water mains.

4. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following significant Capital Project Fund:

Daisy Hill Bridge Fund -This fund is used to account for the construction of a bridge in the Daisy Hill development. This project was completed in 1998.

5. Fiduciary Funds

Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant Fiduciary Fund:

Construction Guarantee Fund- The Village collects and retains deposits from contractors. These funds are retained in trust by the Village until the project is completed in accordance with the Village building codes.

E. Budgetary Process

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

1. 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 Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. Estimated Resources

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

3. 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.

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

3. Encumbrances (Continued)

A summary of 1999 and 1998 budgetary activity appears in Note 4.

F. Property, Plant and Equipment

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

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as a liability under the basis of accounting used by the Village.

1. RECLASSIFICATION OF FUND ACTIVITY

In 1998, the Village changed its classification of its Non-Expendable Trust Funds to Agency Funds.

3. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>1999</u>	<u>1998</u>
Demand Deposits	\$58,579	\$93,335
Certificate of Deposits	<u>43,694</u>	<u>21,239</u>
Total deposits	<u>102,273</u>	<u>114,574</u>
U.S. Treasury Notes	<u>16,437,927</u>	<u>6,475,582</u>
Total investments	<u>16,437,927</u>	<u>6,475,582</u>
Total deposits and investments	<u>\$16,540,200</u>	<u>\$6,590,156</u>

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation, or collateralized by the financial institution's public entity deposit pool.

Investments: Treasury notes are held in book-entry form by the Federal Reserve, in the name of the Village's financial institution. The financial institution maintains records identifying the Village as owner of these securities.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

4. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and December 31, 1998 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$719,241	\$12,453,083	\$11,733,842
Special Revenue	95,000	61,078	(33,922)
Debt Service	61,668	59,309	(2,359)
Fiduciary	151,100	151,013	(87)
Total	<u>\$1,027,009</u>	<u>\$12,724,483</u>	<u>\$11,697,474</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$6,925,000	\$2,492,865	\$4,432,135
Special Revenue	95,000	50,915	44,085
Debt Service	65,780	61,883	3,897
Fiduciary	333,339	168,776	164,563
Total	<u>\$7,419,119</u>	<u>\$2,774,439</u>	<u>\$4,644,680</u>

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,516,902	\$3,055,868	\$1,538,966
Special Revenue	95,000	25,035	(69,965)
Debt Service	16,000	15,178	(822)
Capital Projects	146,119	146,119	0
Fiduciary	150,000	123,896	(26,104)
Total	<u>\$1,924,021</u>	<u>\$3,366,096</u>	<u>\$1,442,075</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$5,580,000	\$4,219,429	\$1,360,571
Special Revenue	95,000	11,114	83,886
Debt Service	18,600	14,332	4,268
Capital Projects	146,119	146,119	0
Fiduciary	281,000	77,983	203,017
Total	<u>\$6,120,719</u>	<u>\$4,468,977</u>	<u>\$1,651,742</u>

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

5. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

6. DEBT

Debt outstanding at December 31, 1999 was as follows:

	<u>Principal</u>	<u>Interest</u>
Water Main Special Assessment Bonds	\$36,000	9.875%

The Water Main Special Assessment Bonds relate to a water main construction project in 1983. The bonds were issued in the amount of \$171,000. The loans will be repaid in annual principal installments of \$9,000 plus interest, over 20 years.

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

	Special
Year Ending	Assessment
<u>December 31:</u>	<u>Bonds</u>
2000	\$12,555
2001	11,666
2002	10,778
2003	<u>9,889</u>
Total	<u>\$44,888</u>

During 1998, the Daisy Hill Development constructed a bridge. The payment of the debt for the bridge will be paid by the Daisy Hill Development through assessments of the property owners. This assessment is received by the Village and remitted semi-annually to the development. These semi-annual payments are reflected in the Debt Service Fund as redemption of principal. The final payment will be paid in 2001. The remaining special assessments to be paid as of December 31, 1999 are \$67,843.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

7. RETIREMENT SYSTEMS

The Village's law enforcement officers belong to the Police & Fireman's Disability & Pension Funds (PFDPF). Other full-time employees also belong to the Public Employees Retirement System (PERS) of Ohio. PFDPF and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 1999 and 1998, members of PFDPF contributed 10% of their wages to the PFDPF. The Village contributed an amount equal to 19.5% of their wages. PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 1999.

8. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

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

The also provides health insurance and dental and vision coverage to full-time employees through a private carrier.



STATE OF OHIO
OFFICE OF THE AUDITOR
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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS

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

To the Village Council:

We have audited the financial statements of Village of Hunting Valley, Cuyahoga County, Ohio (the Village), as of and for the years ended December 31, 1999 and December 31, 1998, and have issued our report thereon dated March 27, 2000, in which we noted the Village changed its classification of the Non-Expendable Trust Funds. We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

However, we noted an immaterial instance of noncompliance that we have reported to the management of the Village in a separate letter dated March 27, 2000.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the management of the Village in a separate letter dated March 27, 2000.

This report is intended for the information and use of management and Council, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

March 27, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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VILLAGE OF HUNTING VALLEY

CUYAHOGA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
APRIL 27, 2000**