

VILLAGE OF HUNTING VALLEY

CUYAHOGA COUNTY, OHIO

AUDIT REPORT

For the Years Ended December 31, 2011 and 2010

Charles E. Harris and Associates, Inc.
Certified Public Accountants and Government Consultants



Dave Yost • Auditor of State

Members of Council
Village of Hunting Valley
38251 Fairmount Blvd.
Chagrin Falls, Ohio 44022

We have reviewed the *Report of Independent Accountants* of the Village of Hunting Valley, Cuyahoga County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2010 through December 31, 2011. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost
Auditor of State

October 11, 2012

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VILLAGE OF HUNTING VALLEY
CUYAHOGA COUNTY, OHIO
Audit Report
For the Years Ending December 31, 2011 and 2010

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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 governmental activities, each major fund, and the aggregate remaining fund information of the Village of Hunting Valley, Cuyahoga County (the Village), as of and for the years ended December 31, 2011 and 2010, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

As discussed in Note 2, the Village of Hunting Valley, Cuyahoga County, prepares its financial statements and notes on the modified cash basis of accounting. This is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Hunting Valley, Cuyahoga County, as of December 31, 2011 and 2010, and the respective changes in its modified cash basis financial position thereof and the budgetary comparison for the General Fund for the years then ended in conformity with the basis of accounting described in Note 2.

As described in Note 3, the Village implemented Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions."

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2012, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

We conducted our audit to opine on the Village's financial statements taken as a whole. Management's Discussion & Analysis includes tables of net assets, changes in net assets and governmental activities. These tables provide additional information, but are not part of the basic financial statements. However, these tables are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. These tables were subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion & Analysis, and we express no opinion or any other assurance on it.

Charles Harris Associates

Charles E. Harris & Associates, Inc.

June 22, 2012

The Village of Hunting Valley
Management's Discussion and Analysis
For the Years Ended December 31, 2011 and 2010
Unaudited

This discussion and analysis of the financial performance of the Village of Hunting Valley, Cuyahoga County, Ohio (the Village) provides an overall review of the Village's financial activities for the years ended December 31, 2011 and 2010 within the limitations of the Village's modified cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Village's financial performance.

Highlights

Key highlights are as follows:

In 2011 and 2010, net assets of governmental activities increased \$266,436 or 2.30% and decreased \$3,860,911, or 25.03%, respectively. The Village's general receipts are primarily proceeds of notes, intergovernmental receipts, interest, and property taxes. Levels of revenue and disbursement were consistent in 2011 and 2010 except intergovernmental receipts and capital outlay. Intergovernmental receipts in 2011 were \$3,398,430 and included estate taxes of \$3,232,135 while intergovernmental receipts in 2010 were \$933,767 including estate taxes of \$766,485. In 2010, the Village completed construction of water mains on Route 87, County Line Rd, Fairmount Blvd. and Chagrin River Rd at a cost of \$2,464,505. In 2009, the Village received \$873,329 from the City of Cleveland Water Department in order to partially finance these water mains.

Using the Basic Financial Statements

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

Report Components

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

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

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

Basis of Accounting

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

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

The Village of Hunting Valley
Management's Discussion and Analysis
For the Years Ended December 31, 2011 and 2010
Unaudited
(Continued)

Reporting the Village as a Whole

The statement of net assets and the statement of activities reflect how the Village performed financially during 2011 and 2010, within the limitations of modified cash basis accounting. The statements of net assets present the cash balances and investments of the governmental activities of the Village at the end of each year. The statements of activities compare cash disbursements with program receipts for each governmental program. Program cash receipts include charges paid by the recipient of the program's services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Village's general receipts.

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

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

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

Reporting the Village's Most Significant Funds

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

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

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

The Village of Hunting Valley
Management's Discussion and Analysis
For the Years Ended December 31, 2011 and 2010
Unaudited
(Continued)

The Village as a Whole

Table 1 provides a summary of the Village's net assets for 2011 and 2010 compared to 2009 on a modified cash basis:

(Table 1)

Net Assets

	Governmental Activities		
	2011	2010	2009
Assets			
Cash and Cash Equivalents	\$3,633,245	\$3,807,766	\$10,185,192
Investments	8,196,154	7,755,197	5,238,682
Total Assets	<u>\$11,829,399</u>	<u>\$11,562,963</u>	<u>\$15,423,874</u>
Net Assets			
Restricted for:			
Debt Service	\$2,014,233	\$2,250,128	\$2,254,913
Other Purposes	6,902	865	772
Unrestricted	9,808,264	9,311,970	13,168,189
Total Net Assets	<u>\$11,829,399</u>	<u>\$11,562,963</u>	<u>\$15,423,874</u>

As mentioned previously, net assets of governmental activities increased \$226,436 or 2.30% in 2011. The primary reason for the increase in net assets was the receipt of significant estate taxes. Net assets from governmental activities decreased \$3,860,911, or 25.03% in 2010 due mainly to the relationship between receipts and spending on new water mains.

The Village of Hunting Valley
Management's Discussion and Analysis
For the Years Ended December 31, 2011 and 2010
Unaudited
(Continued)

Table 2 reflects components of the changes in net assets in 2011 and 2010.

(Table 2)
Changes in Net Assets

	Governmental Activities		
	2011	2010	2009
Receipts:			
Program Receipts:			
Charges for Services and Sales	\$140,774	\$626,293	\$118,093
Operating Grants and Contributions	39,921	38,976	42,206
Capital Grants and Contributions	0	0	873,329
Total Program Receipts	<u>180,695</u>	<u>665,269</u>	<u>1,033,628</u>
General Receipts:			
Property and Other Local Taxes	674,208	665,192	647,246
Income Taxes	0	0	5
Grants and Entitlements Not Restricted to Specific Programs	3,358,509	894,791	1,094,343
Interest	109,600	128,459	525,064
Notes Issued, including premium	5,514,105	5,756,215	6,017,210
Miscellaneous	210,622	171,168	124,667
Total General Receipts	<u>9,867,044</u>	<u>7,615,825</u>	<u>8,408,535</u>
Total Receipts	<u>10,047,739</u>	<u>8,281,094</u>	<u>9,442,163</u>
Disbursements:			
General Government	740,399	733,024	662,307
Security of Persons and Property:	1,679,136	1,655,519	1,586,094
Public Health Services	758	779	772
Community Environment	194,986	229,464	231,125
Basic Utilities	122,265	119,812	121,575
Transportation	662,142	631,197	675,043
Capital Outlay	574,277	2,692,616	2,310,168
Principal Retirement	5,750,000	6,000,000	4,000,000
Interest and Fiscal Charges	57,340	79,594	100,000
Total Disbursements	<u>9,781,303</u>	<u>12,142,005</u>	<u>9,687,084</u>
Increase (Decrease) in Net Assets	266,436	(3,860,911)	(244,921)
Net Assets, beginning of year	<u>11,562,963</u>	<u>15,423,874</u>	<u>15,668,795</u>
Net Assets, end of year	<u>\$11,829,399</u>	<u>\$11,562,963</u>	<u>\$15,423,874</u>

Program receipts represent just 1.80 % in 2011 and 8.03 % in 2010 of total receipts. These receipts are primarily comprised of tap-in fees in 2010, restricted intergovernmental receipts such as motor vehicle license and gas tax money, snowplowing fees, building permits and inspection fees. Receipts in 2011 represent a more typical year.

General receipts represent 98.20 % in 2011 and 91.97 % in 2010 of the Village's total receipts, and of those amounts only 6.84 % in 2011 and 8.74 % in 2010 are local taxes. Unrestricted state grants and

The Village of Hunting Valley
Management's Discussion and Analysis
For the Years Ended December 31, 2011 and 2010
Unaudited
(Continued)

entitlements, investment income and proceeds from notes issued constitute the remainder of the Village's general receipts. Other receipts are insignificant revenue sources for the Village.

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

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

Governmental Activities

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

(Table 3)

	Governmental Activities			
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2011	2011	2010	2010
General Government	\$740,399	\$740,399	\$733,024	\$733,024
Security of Persons and Property	1,679,136	1,679,136	1,655,519	1,655,519
Public Health Services	758	758	779	779
Community Environment	194,986	106,821	229,464	112,361
Basic Utilities	122,265	122,265	119,812	119,812
Transportation	662,142	569,612	631,197	533,332
Capital Outlay	574,277	574,277	2,692,616	2,242,315
Principal Retirement	5,750,000	5,750,000	6,000,000	6,000,000
Interest and Fiscal Charges	57,340	57,340	79,594	79,594
Total Expenses	<u>\$9,781,303</u>	<u>\$9,600,608</u>	<u>\$12,142,005</u>	<u>\$11,476,736</u>

The dependence upon revenue sources other than program cash receipts is apparent as the percentage of total governmental activity expenses to general receipts for 2011 was 100.87 % and for 2010 was 62.72%. Excluding capital outlays, these percentages increase to 107.16 % and 80.60 % respectively.

The Village's Funds

In 2011, total governmental funds had receipts of \$4,533,634 and other financing sources of \$5,514,105, and disbursements of \$9,781,303. In 2010, total governmental funds had receipts of \$2,524,879 and other financing sources of \$5,756,215 and disbursements of \$12,142,005. The activity in governmental funds occurred mostly within the General Fund and the Debt Service fund in both 2011 and 2010. In

The Village of Hunting Valley
Management's Discussion and Analysis
For the Years Ended December 31, 2011 and 2010
Unaudited
(Continued)

2011, the fund balance of the General Fund increased \$496,294 as the result certain intergovernmental receipts. In 2010, the fund balance of the General Fund decreased \$3,856,219 due to capital expenditures and lower intergovernmental receipts.

General Fund Budgeting Highlights

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

During 2011 and 2010, the Village did not amend its General Fund budget. In 2011, actual receipts were 213.94 percent above final budgeted receipts due to the previously mentioned estate taxes. In 2010, actual receipts were 44.99 percent above final budgeted receipts again for estate taxes and for tap-in fees recorded as charges for services.

In 2011, final disbursements were budgeted at \$4,900,000 while actual disbursements were \$3,936,467. In 2010, final disbursements were budgeted at \$8,030,000 and actual disbursements were \$6,044,578. It is Village policy to appropriate (budget) aggressively to provide for all contingencies. It manages operations and controls its spending by, on a monthly basis, comparing expenses to an operating budget.

Capital Assets and Debt Administration

Capital Assets

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

Debt

At December 31, 2011, the Village's outstanding debt included \$3,250,000 in bond anticipation notes issued for construction of a Village Hall in 2002 and \$2,250,000 in bond anticipation notes issued for the construction of water mains within the Village in 2009. At December 31, 2010, the Village's outstanding debt included \$3,500,000 in bond anticipation notes issued for construction of a Village Hall in 2002 and \$2,250,000 in bond anticipation notes issued for the construction of water mains within the Village in 2009. For further information regarding the Village's debt, refer to Note 10 to the basic financial statements.

Current Issues

Hunting Valley is fortunate to have sufficient reserves to contribute to its annual spending for operations, infrastructure and other capital assets. It considers land conservation investments when opportunities within the Village arise. Hunting Valley has continued to study its infrastructure, particularly municipal water distribution and roads. With the water main projects it completed between 2008 and 2010, the Village's infrastructure focus has turned to road improvements, particularly Fairmount Blvd on which a major reconstruction project was commenced in early 2012.

Contacting the Village's Financial Management

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

Village of Hunting Valley, Ohio
Cuyahoga County
Statement of Net Assets - Modified Cash Basis
December 31, 2011

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$3,633,245
Investments	<u>8,196,154</u>
<i>Total Assets</i>	<u><u>\$11,829,399</u></u>
 Net Assets	
Restricted for:	
Debt Service	2,014,233
Other Purposes	6,902
Unrestricted	<u>9,808,264</u>
<i>Total Net Assets</i>	<u><u>\$11,829,399</u></u>

See accompanying notes to the basic financial statements

Village of Hunting Valley, Ohio
Cuyahoga County
Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2011

	Program Receipts			Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Current:				
Security of Persons and Property	\$1,679,136	\$0	\$0	(\$1,679,136)
Public Health Services	758	0	0	(758)
Community Environment	194,986	88,165	0	(106,821)
Basic Utility Services	122,265	0	0	(122,265)
Transportation	662,142	52,609	39,921	(569,612)
General Government	740,399	0	0	(740,399)
Capital Outlay	574,277	0	0	(574,277)
Debt Service:				
Principal Retirement	5,750,000	0	0	(5,750,000)
Interest and Fiscal Charges	57,340	0	0	(57,340)
<i>Total Governmental Activities</i>	<u>9,781,303</u>	<u>140,774</u>	<u>39,921</u>	<u>(9,600,608)</u>
General Receipts:				
Property Taxes Levied for:				
General Purposes				634,091
Police Pension				40,117
Grants and Entitlements not Restricted to Specific Programs				3,358,509
Sale of Notes				5,500,000
Premium and Accrued Interest on Debt				14,105
Earnings on Investments				109,600
Miscellaneous				210,622
<i>Total General Receipts</i>				<u>9,867,044</u>
Change in Net Assets				266,436
<i>Net Assets Beginning of Year</i>				<u>11,562,963</u>
<i>Net Assets End of Year</i>				<u><u>\$11,829,399</u></u>

See accompanying notes to the basic financial statements

Village of Hunting Valley, Ohio
Cuyahoga County
Statement of Assets and Fund Balances - Modified Cash Basis
Governmental Funds
December 31, 2011

	General	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$1,612,110	\$2,014,233	\$6,902	\$3,633,245
Investments	8,196,154	0	0	8,196,154
<i>Total Assets</i>	<u>\$9,808,264</u>	<u>\$2,014,233</u>	<u>\$6,902</u>	<u>\$11,829,399</u>
Fund Balances				
Restricted	\$0	\$2,014,233	\$6,902	\$2,021,135
Assigned	1,613,000	0	0	1,613,000
Unassigned	8,195,264	0	0	8,195,264
<i>Total Fund Balances</i>	<u>\$9,808,264</u>	<u>\$2,014,233</u>	<u>\$6,902</u>	<u>\$11,829,399</u>

See accompanying notes to the basic financial statements

Village of Hunting Valley, Ohio
Cuyahoga County
Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities - Modified Cash Basis
December 31, 2011

Total Governmental Fund Balances	<u>\$11,829,399</u>
<i>Net Assets of Governmental Activities</i>	<u>\$11,829,399</u>

See accompanying notes to the basic financial statements

Village of Hunting Valley, Ohio
Cuyahoga County
Statement of Receipts, Disbursements and Changes Fund Balances - Modified Cash Basis
Governmental Funds
For the Year Ended December 31, 2011

	General	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Receipts				
Property Taxes	\$634,091	\$0	\$40,117	\$674,208
Intergovernmental	3,353,510	0	44,920	3,398,430
Charges for Services	52,609	0	0	52,609
Fines, Licenses and Permits	88,165	0	0	88,165
Earnings on Investments	109,600	0	0	109,600
Miscellaneous	210,622	0	0	210,622
<i>Total Receipts</i>	<u>\$4,448,597</u>	<u>\$0</u>	<u>\$85,037</u>	<u>\$4,533,634</u>
Disbursements				
Current:				
Security of Persons and Property	1,637,136	0	42,000	1,679,136
Public Health Services	758	0	0	758
Community Environment	194,986	0	0	194,986
Basic Utility Services	122,265	0	0	122,265
Transportation	625,142	0	37,000	662,142
General Government	724,563	0	0	724,563
Capital Outlay	574,277	0	0	574,277
Debt Service:				
Principal Retirement	0	5,750,000	0	5,750,000
Interest and Fiscal Charges	57,340	0	0	57,340
<i>Total Disbursements</i>	<u>3,936,467</u>	<u>5,750,000</u>	<u>79,000</u>	<u>9,765,467</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	512,130	(5,750,000)	6,037	(5,231,833)
Other Financing Sources (Uses)				
Sale of Notes	0	5,500,000	0	5,500,000
Premium and Accrued Interest on Debt	0	14,105	0	14,105
Other Financing Uses	(15,836)	0	0	(15,836)
<i>Total Other Financing Sources (Uses)</i>	<u>(15,836)</u>	<u>5,514,105</u>	<u>0</u>	<u>5,498,269</u>
<i>Net Change in Fund Balances</i>	496,294	(235,895)	6,037	266,436
<i>Fund Balances Beginning of Year</i>	<u>9,311,970</u>	<u>2,250,128</u>	<u>865</u>	<u>11,562,963</u>
<i>Fund Balances End of Year</i>	<u>\$9,808,264</u>	<u>\$2,014,233</u>	<u>\$6,902</u>	<u>\$11,829,399</u>

See accompanying notes to the basic financial statements

Village of Hunting Valley, Ohio
Cuyahoga County
Reconciliation of the Statement of Receipts, Disbursements and Changes
in Fund Balances - Governmental Funds to the Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2011

Net Change in Fund Balances - Total Governmental Funds	<u>\$266,436</u>
<i>Change in Net Assets of Governmental Activities</i>	<u>\$266,436</u>

See accompanying notes to the basic financial statements

Village of Hunting Valley, Ohio
Cuyahoga County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual
	Original	Final	
Receipts			
Property Taxes	\$ 681,400	\$ 681,400	\$ 634,091
Intergovernmental	409,100	409,100	3,353,510
Charges for Services	59,300	59,300	52,609
Fines, Licenses and Permits	57,000	57,000	88,165
Earnings on Investments	85,000	85,000	109,600
Miscellaneous	125,200	125,200	210,622
<i>Total Receipts</i>	<u>1,417,000</u>	<u>1,417,000</u>	<u>4,448,597</u>
Disbursements			
Current:			
Security of Persons and Property	1,830,000	1,830,000	1,637,136
Public Health Services	10,000	10,000	758
Community Environment	200,000	200,000	194,986
Basic Utility Services	125,000	125,000	122,265
Transportation	635,000	635,000	625,142
General Government	1,160,000	1,160,000	724,563
Capital Outlay	880,000	880,000	574,277
Debt Service:			
Interest and Fiscal Charges	60,000	60,000	57,340
<i>Total Disbursements</i>	<u>4,900,000</u>	<u>4,900,000</u>	<u>3,936,467</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(3,483,000)	(3,483,000)	512,130
Other Financing Sources (Uses)			
Other Financing Uses	(20,000)	(20,000)	(15,836)
<i>Total Other Financing Sources (Uses)</i>	<u>(20,000)</u>	<u>(20,000)</u>	<u>(15,836)</u>
<i>Net Change in Fund Balance</i>	(3,503,000)	(3,503,000)	496,294
<i>Unencumbered Fund Balance Beginning of Year</i>	9,311,970	9,311,970	9,311,970
<i>Unencumbered Fund Balance End of Year</i>	<u>\$ 5,808,970</u>	<u>\$ 5,808,970</u>	<u>\$ 9,808,264</u>

See accompanying notes to the basic financial statements

Village of Hunting Valley, Ohio
Cuyahoga County
Statement of Fiduciary Net Assets - Modified Cash Basis
Fiduciary Funds
December 31, 2011

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$190,447
<i>Total Assets</i>	<u>\$190,447</u>
Net Assets	
Held for:	
Construction Guarantees	114,112
Tower Deposits	60,235
Other Purposes	16,100
<i>Total Net Assets</i>	<u>\$190,447</u>

See accompanying notes to the basic financial statements

Village of Hunting Valley, Ohio
Cuyahoga County
Statement of Net Assets - Modified Cash Basis
December 31, 2010

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$3,807,766
Investments	<u>7,755,197</u>
<i>Total Assets</i>	<u><u>\$11,562,963</u></u>
 Net Assets	
Restricted for:	
Debt Service	\$2,250,128
Other Purposes	865
Unrestricted	<u>9,311,970</u>
<i>Total Net Assets</i>	<u><u>\$11,562,963</u></u>

See accompanying notes to the basic financial statements

Village of Hunting Valley, Ohio
Cuyahoga County
Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2010

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Current:				
Security of Persons and Property	\$1,655,519	\$0	\$0	(\$1,655,519)
Public Health Services	779	0	0	(779)
Community Environment	229,464	117,103	0	(112,361)
Basic Utility Services	119,812	0	0	(119,812)
Transportation	631,197	58,889	38,976	(533,332)
General Government	733,024	0	0	(733,024)
Capital Outlay	2,692,616	450,301	0	(2,242,315)
Debt Service:				
Principal Retirement	6,000,000	0	0	(6,000,000)
Interest and Fiscal Charges	79,594	0	0	(79,594)
<i>Total Governmental Activities</i>	<u>12,142,005</u>	<u>626,293</u>	<u>38,976</u>	<u>(11,476,736)</u>
		General Receipts:		
		Property Taxes Levied for:		
		General Purposes	627,389	
		Police Pension	37,803	
		Grants and Entitlements not Restricted to Specific Programs	894,791	
		Sale of Notes	5,750,000	
		Premium and Accrued Interest on Debt	6,215	
		Earnings on Investments	128,459	
		Miscellaneous	171,168	
		<i>Total General Receipts</i>	<u>7,615,825</u>	
		Change in Net Assets		(3,860,911)
		<i>Net Assets Beginning of Year</i>		<u>15,423,874</u>
		<i>Net Assets End of Year</i>		<u><u>\$11,562,963</u></u>

See accompanying notes to the basic financial statements

Village of Hunting Valley, Ohio
Cuyahoga County
Statement of Assets and Fund Balances - Modified Cash Basis
Governmental Funds
December 31, 2010

	General	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$1,556,773	\$2,250,128	\$865	\$3,807,766
Investments	7,755,197	0	0	7,755,197
<i>Total Assets</i>	<u>\$9,311,970</u>	<u>\$2,250,128</u>	<u>\$865</u>	<u>\$11,562,963</u>
Fund Balances				
Restricted	\$0	\$2,250,128	\$865	\$2,250,993
Unassigned	9,311,970	0	0	9,311,970
<i>Total Fund Balances</i>	<u>\$9,311,970</u>	<u>\$2,250,128</u>	<u>\$865</u>	<u>\$11,562,963</u>

See accompanying notes to the basic financial statements

Village of Hunting Valley, Ohio
Cuyahoga County
Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities - Modified Cash Basis
December 31, 2010

Total Governmental Fund Balances	<u>\$11,562,963</u>
<i>Net Assets of Governmental Activities</i>	<u>\$11,562,963</u>

See accompanying notes to the basic financial statements

Village of Hunting Valley, Ohio
Cuyahoga County
Statement of Receipts, Disbursements and Changes Fund Balances - Modified Cash Basis
Governmental Funds
For the Year Ended December 31, 2010

	General	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Receipts				
Property Taxes	\$627,389	\$ 0	\$37,803	\$665,192
Intergovernmental	889,753	0	44,014	933,767
Charges for Services	509,190	0	0	509,190
Fines, Licenses and Permits	117,103	0	0	117,103
Earnings on Investments	128,459	0	0	128,459
Miscellaneous	171,168	0	0	171,168
<i>Total Receipts</i>	<u>2,443,062</u>	<u>0</u>	<u>81,817</u>	<u>2,524,879</u>
Disbursements				
Current:				
Security of Persons and Property	1,612,678	0	42,841	1,655,519
Public Health Services	779	0	0	779
Community Environment	229,464	0	0	229,464
Basic Utility Services	119,812	0	0	119,812
Transportation	592,314	0	38,883	631,197
General Government	717,321	0	0	717,321
Capital Outlay	2,692,616	0	0	2,692,616
Debt Service:				
Principal Retirement	0	6,000,000	0	6,000,000
Interest and Fiscal Charges	79,594	0	0	79,594
<i>Total Disbursements</i>	<u>6,044,578</u>	<u>6,000,000</u>	<u>81,724</u>	<u>12,126,302</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(3,601,516)	(6,000,000)	93	(9,601,423)
Other Financing Sources (Uses)				
Sale of Notes	0	5,750,000	0	5,750,000
Premium and Accrued Interest on Debt	0	6,215	0	6,215
Transfers In	0	239,000	0	239,000
Transfers Out	(239,000)	0	0	(239,000)
Other Financing Uses	(15,703)	0	0	(15,703)
<i>Total Other Financing Sources (Uses)</i>	<u>(254,703)</u>	<u>5,995,215</u>	<u>0</u>	<u>5,740,512</u>
<i>Net Change in Fund Balances</i>	(3,856,219)	(4,785)	93	(3,860,911)
<i>Fund Balances Beginning of Year</i>	<u>13,168,189</u>	<u>2,254,913</u>	<u>772</u>	<u>15,423,874</u>
<i>Fund Balances End of Year</i>	<u>\$9,311,970</u>	<u>\$2,250,128</u>	<u>\$865</u>	<u>\$11,562,963</u>

See accompanying notes to the basic financial statements

Village of Hunting Valley, Ohio
Cuyahoga County
Reconciliation of the Statement of Receipts, Disbursements and Changes
in Fund Balances - Governmental Funds to the Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2010

Net Change in Fund Balances - Total Governmental Funds	<u>(\$3,860,911)</u>
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<i>Change in Net Assets of Governmental Activities</i>	<u>(\$3,860,911)</u>
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See accompanying notes to the basic financial statements

Village of Hunting Valley, Ohio
Cuyahoga County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual
	Original	Final	
Receipts			
Property Taxes	\$684,000	\$684,000	\$627,389
Intergovernmental	431,900	431,900	889,753
Charges for Services	273,000	273,000	509,190
Fines, Licenses and Permits	72,500	72,500	117,103
Earnings on Investments	85,500	85,500	128,459
Miscellaneous	138,100	138,100	171,168
<i>Total Receipts</i>	<u>1,685,000</u>	<u>1,685,000</u>	<u>2,443,062</u>
Disbursements			
Current:			
Security of Persons and Property	1,800,000	1,800,000	1,612,678
Public Health Services	10,000	10,000	779
Community Environment	500,000	500,000	229,464
Basic Utility Services	125,000	125,000	119,812
Transportation	675,000	675,000	592,314
General Government	1,460,000	1,460,000	717,321
Capital Outlay	3,380,000	3,380,000	2,692,616
Debt Service:			
Interest and Fiscal Charges	80,000	80,000	79,594
<i>Total Disbursements</i>	<u>8,030,000</u>	<u>8,030,000</u>	<u>6,044,578</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(6,345,000)	(6,345,000)	(3,601,516)
Other Financing Sources (Uses)			
Transfers Out	(250,000)	(250,000)	(239,000)
Other Financing Uses	(20,000)	(20,000)	(15,703)
<i>Total Other Financing Sources (Uses)</i>	<u>(270,000)</u>	<u>(270,000)</u>	<u>(254,703)</u>
<i>Net Change in Fund Balance</i>	(6,615,000)	(6,615,000)	(3,856,219)
<i>Unencumbered Fund Balance Beginning of Year</i>	<u>13,168,189</u>	<u>13,168,189</u>	<u>13,168,189</u>
<i>Unencumbered Fund Balance End of Year</i>	<u><u>\$6,553,189</u></u>	<u><u>\$6,553,189</u></u>	<u><u>\$9,311,970</u></u>

See accompanying notes to the basic financial statements

Village of Hunting Valley, Ohio
Cuyahoga County
Statement of Fiduciary Net Assets - Modified Cash Basis
Fiduciary Funds
December 31, 2010

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$187,446
<i>Total Assets</i>	<u>\$187,446</u>
Net Assets	
Held for:	
Construction Guarantees	\$113,726
Tower Deposits	59,920
Other Purposes	13,800
<i>Total Net Assets</i>	<u>\$187,446</u>

See accompanying notes to the basic financial statements

Note 1 – Reporting Entity

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

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

A. Primary Government

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

B. Joint Ventures, Jointly Governed Organizations and Public Entity Risk Pools

The Village participates in three jointly governed organizations. Note 12 to these financial statements provides additional information for these entities. These jointly governed organizations are:

Northeast Ohio Public Energy Council (“NOPEC”)

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

Valley Enforcement Regional Council of Governments (“VERCOG”)

VERCOG is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. It 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.

Chagrin Valley Dispatch Council (“CVD”)

CVD is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. 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”).

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

Note 2 – Summary of Significant Accounting Policies

As discussed further in the “Basis of Accounting” section of this note, these financial statements are presented on a modified cash basis of accounting. This modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the modified cash basis of accounting.

Note 2 – Summary of Significant Accounting Policies (continued)

Following are the more significant of the Village's accounting policies.

A. Basis of Presentation

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

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Village as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

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

Fund Financial Statements

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

B. Fund Accounting

The Village uses 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 divided into two categories, governmental and fiduciary.

Governmental Funds

Governmental funds are those through which most governmental functions of the Village are financed. The following are the Village's major governmental funds:

General – This fund is used to account for and report 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.

Debt Service – This fund receives proceeds from the sale of Bond Anticipation Notes sold and disburses payment for maturing Bond Anticipation Notes.

Note 2 – Summary of Significant Accounting Policies (continued)

The other governmental funds of the Village account for and report grants and other resources, whose use is restricted, committed or assigned to a particular purpose.

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. Generally, fiduciary funds include pension trust funds, investment trust funds, private purpose trust funds, and agency funds. The Village's has only Agency Funds. Agency funds are purely custodial in nature and are used to account for assets held by the Village for individuals, organizations or other governments. The Village's agency funds include the Construction Guarantee Deposit Fund, the Tower Deposit Fund and the Miscellaneous Deposit Fund. The fund names describe the nature of their purposes.

C. Basis of Accounting

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

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

D. Budgetary Process

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

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

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

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

Note 2 – Summary of Significant Accounting Policies (continued)

E. Cash and Investments

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

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

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

During 2011 and 2010, the Village invested in nonnegotiable certificates of deposit, money market funds, municipal bond anticipation notes and federal agency securities. The nonnegotiable certificates of deposit, federal agencies and municipal bond anticipation notes are reported at cost. The Village’s money market fund investment is recorded at the amounts reported by Huntington National Bank at December 31, 2011 and by Charter One Bank N.A., Huntington National Bank at December 31, 2010.

Interest earnings are allocated to Village funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2011 was \$109,600 which includes an immaterial amount assigned from other Village funds. Interest receipts credited to the General Fund during 2010 was \$128,459 which includes an immaterial amount assigned from other Village funds.

F. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature of normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation.

G. Inventory and Prepaid Items

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

H. Capital Assets

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

I. Accumulated Leave

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

Note 2 – Summary of Significant Accounting Policies (continued)

K. Long-Term Obligations

The Village's modified cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither another financing source nor a capital expenditure is reported at inception. Lease payments are reported when paid. The Village has no leases.

L. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

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

M. Fund Balance

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

Non-spendable The non-spendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

Restricted Fund balance is reported as 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.

Enabling legislation authorizes the Village to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the Village can be compelled by an external party-such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of Village Council. Those committed amounts cannot be used for any other purpose unless Village Council removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by Village Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Note 2 – Summary of Significant Accounting Policies (continued)

Assigned Amounts in the assigned fund balance classification are intended to be used by the Village for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by Village Council or a Village official delegated that authority by ordinance, or by State Statute.

Unassigned The unassigned fund balance is the residual classification for the general fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification would be 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 by unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

N. Interfund Transactions

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

Note 3 – Change in Accounting Principle

For 2011 and 2010, the Village implemented Governmental Accounting Standard Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of GASB Statement No. 54 had no effect on fund balances of the major governmental funds and all other governmental funds as previously reported.

Note 4 – Budgetary Basis of Accounting

Budgetary basis accounting as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. Any differences between the budgetary basis and the modified cash basis are outstanding year end encumbrances which are treated as cash disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (modified cash basis). There were no encumbrances outstanding at year end 2011 or 2010.

Note 5 – Deposits and Investments

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Village, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. At year end 2011 and, the Village had no un-deposited cash on hand, which would have been included as part of "Equity in Pooled Cash and Cash Equivalents."

The Village of Hunting Valley
Notes to the Financial Statements
For the Years Ended December 31, 2011 and 2010

Note 5 – Deposits and Investments (continued)

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Village will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end 2011 and 2010, the Village had bank balances of \$3,936,303 and \$4,136,218, respectively. Of the Village's 2011 bank balance of \$3,936,303, \$3,110,239 was exposed to custodial credit risk. Of the Village's 2010 bank balance of \$4,136,218, \$2,707,277 was exposed to custodial credit risk. These amounts were exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Village's name.

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

INVESTMENTS

As of December 31, 2011, the Village had the following investments:

Investment Type	Carrying Value	Investment Maturities (in Years)			
		Less than 1	1-2	3-5	More than 5
Municipal Bond Anticipation Notes	\$ 8,108,008	\$8,108,008			
FHLMC	19,768	0		\$ 19,768	
GNMA	8,142	0		8,142	
Total Investments	\$8,135,918	\$8,108,728	\$	\$ 27,190	

As of December 31, 2010, the Village had the following investments:

Investment Type	Carrying Value	Investment Maturities (in Years)			
		Less than 1	1-2	3-5	More than 5
Municipal Bond Anticipation Notes	\$7,640,038	\$7,640,038			
FHLMC	24,513	0			\$24,513
GNMA	30,725	0			30,725
Total Investments	\$7,695,276	\$7,640,038	\$	\$	\$55,238

Interest Rate Risk -- Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The Village's investment policy addresses interest rate risk by requiring that the Village's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding that need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

Credit Risk -- The municipal bond anticipation notes are all rated between A1 and Aaa by Moody's the federal home loan corporation and the government national mortgage association investments are rated Aaa by Moody's.

Note 5 – Deposits and Investments (continued)

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

Note 6 – Property Taxes

Property taxes include amounts levied against all real property and public utility property located in the Village. Property tax receipts received in 2011 and 2010 for real and public utility property taxes represents collections of the 2010 and 2009 taxes, respectively. 2011 and 2010 real property taxes are levied after October 1, 2010 and 2009, respectively on the assessed values as of January 1, 2010 and 2009, respectively, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. 2011 and 2010 real property taxes are collected in and intended to finance 2012 and 2011, respectively.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2011 and 2010 public utility property taxes which became a lien on December 31, 2010 and December 31, 2009, respectively, are levied after October 1, 2011 and October 1, 2010 respectively, and are collected in 2011 and 2010, respectively with real property taxes.

The full tax rate for all Village operations for the years ended December 31, 2011 and December 31, 2010, was \$5.10 per \$1,000 of assessed value.

The assessed values of real and personal property upon which 2011 and 2010 property tax receipts were based are as follows:

	2011	2010
Real Property	\$147,647,950	\$146,816,780
Public Utility Property	672,810	654,190
Total Assessed Values	\$148,320,760	\$147,470,970

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

The Village of Hunting Valley
Notes to the Financial Statements
For the Years Ended December 31, 2011 and 2010

Note 7 – Risk Management

As of December 31, 2011, the Village contracted with several companies for various types of insurance coverage as follows:

Company	Type of Coverage	Amount of Coverage
Scottsdale Indemnity Company	Commercial Property	\$9,476,875
	General Liability	3,000,000
	Commercial Crime	25,000
	Inland Marine	3,011,000
	Vehicle	666,478
	Errors and Omissions	3,000,000
	Public Officials	3,000,000
Federal Insurance Company	Fiduciary Liability	1,000,000
Zurich North American Surety	Surety Bond	10,000
Scottsdale Insurance Company	Umbrella Liability	10,000,000
American Alternative Insurance Corporation	Umbrella Liability	4,000,000

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

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

Note 8 – Defined Benefit Pension Plans

A. Ohio Public Employees Retirement System

Plan Description - The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar on nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

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

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the years ended December 31, 2011 and December 31, 2010, members in the state and local divisions contributed 10% of covered payroll. The Village employed no public safety members and no law enforcement members in either 2011 or 2010.

Note 8 – Defined Benefit Pension Plans (continued)

The Village's contribution rate for state and local members in 2011 and 2010 was 14% of covered payroll. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits.

The Village's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2011, 2010 and 2009 were \$98,579, \$96,774 and \$91,508, respectively. The full amount has been contributed for 2011, 2010 and 2009. There were no contributions to the member-directed plan for 2011 or 2010.

B. Ohio Police and Fire Pension Fund

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

Funding Policy – Plan members are required to contribute 10% of their annual covered salary to fund pension obligations. The Village's contribution was 19.5% for police officers. Contribution rates are established by State statute. For 2011 and 2010, a portion of the Village's contribution equal to 6.75% of covered payroll was allocated to fund the postemployment healthcare plan. The Village's required contributions to OP&F for the years ended December 31, 2011, 2010 and 2009 were \$159,807, \$159,723 and \$156,027, respectively. The full amount has been contributed for each year.

Note 9 - Postemployment Benefits

A. Ohio Public Employees Retirement System

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

In order to qualify for post-employment healthcare coverage, age-and-service retirees under the Traditional and Combined Plans must have 10 or more years of qualifying Ohio service credit. Healthcare coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not mandate, OPERS to provide healthcare benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

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

Funding Policy – The postemployment healthcare plan was established under, and is administered in accordance with, Internal Revenue Code 401 (h). The Ohio Revised Code provides statutory authority requiring public employers to fund post-retirement healthcare through contributions to OPERS. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of post-retirement healthcare.

Note 9 - Postemployment Benefits (continued)

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2011 and 2010, state and local government employers contributed at a rate of 14.0 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.0 percent of covered payroll for state and local government employer units.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding post-employment healthcare benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 5.5% from January 1, 2010 through February 28, 2010, 5.0% from March 1, 2010 through December 31, 2010 and 4.0% during calendar year 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73% from January 1 through February 28, 2010, and 4.23% from March 1 through December 31, 2010 and 6.05% for 2011. The portion of employer contributions allocated to health care for the year beginning January 1, 2012 remained the same, but they are subject to change based on Board action. Employers will be notified if the portion allocated to health care changes during calendar year 2012. The OPERS Board of Trustees is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the healthcare benefits by the retiree or the retiree's surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment healthcare plan.

The Village's contributions allocated to fund postemployment healthcare benefits for the years ended December 31, 2011, 2010 and 2009 were \$28,165, \$35,223 and \$38,529, respectively. The full amount has been contributed for those years.

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

B. Ohio Police and Fire Pension Fund

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

OP&F provides access to post-retirement healthcare coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45.

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

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

The Village of Hunting Valley
Notes to the Financial Statements
For the Years Ended December 31, 2011 and 2010

Note 9 - Postemployment Benefits (continued)

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required by the Ohio Revised Code to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5 percent of covered payroll for police employees. Active members do not make contributions to the OBEB Plan.

OP&F maintains funds for healthcare in two separate accounts. One for healthcare benefits under an IRS Code Section 115 trust and one for Medicare Part B reimbursements administered as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made to the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree healthcare benefits. For the years ended December 31, 2011 and 2010, the employer contribution allocated to the healthcare plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the healthcare plan each year is subject to the trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OP&F Board of Trustees is also authorized to establish requirements for contributions to the healthcare plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The Village's contributions to OP&F which were allocated to fund postemployment healthcare benefits for police were \$55,318 for the year ended December 31, 2011; \$55,289 for the year ended December 31, 2010 and \$54,009 for the year ended December 31, 2009. The full amount has been contributed for each year.

Note 10 - Notes Payable

A summary of the note transactions for the year ended December 31, 2011, follows:

	Interest Rate	Balance December 31, 2010	Additions	Reductions	Balance December 31, 2011
<u>Bond Anticipation Notes</u>					
2010 Issue	1.0%	\$ 5,750,000	-0-	\$ 5,750,000	\$ 0
2011 Issue	1.0%	\$ 0	\$ 5,500,000	\$ 0	\$ 5,500,000
		<u>\$ 5,750,000</u>	<u>\$ 5,550,000</u>	<u>\$ 5,750,000</u>	<u>\$ 5,500,000</u>

A summary of the note transactions for the year ended December 31, 2010, follows:

	Interest Rate	Balance December 31, 2009	Additions	Reductions	Balance December 31, 2010
<u>Bond Anticipation Notes</u>					
2009 Issues	1.50%	\$ 6,000,000	-0-	\$ 6,000,000	\$ 0
2010 Issue	1.0%	\$ 0	\$ 5,750,000	\$ 0	\$ 5,750,000
		<u>\$ 6,000,000</u>	<u>\$ 5,750,000</u>	<u>\$ 6,000,000</u>	<u>\$ 5,750,000</u>

Note 10 - Notes Payable (continued)

The Bond Anticipation Notes were in anticipation of the issuance of bonds for the purpose of paying a portion of the cost of constructing, furnishing, equipping, improving the site of, an otherwise improving a Village Hall to house municipal offices and functions and the cost of improving the waterworks system in the Village. All note proceeds had been spent at December 31, 2011. Bond anticipation notes are backed by the full faith and credit of the Village and mature within one year.

Note 11 – Interfund Transfers

During 2011 and 2010 the following transfers were made:

	2011	2010
Transfers from the General Fund to:		
Bond Retirement Fund	None	\$ 239,000
Total Transfers from the General Fund	None	\$ 239,000

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

Note 12 – Jointly Governed Organizations

Northeast Ohio Public Energy Council

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

NOPEC is governed by a General Assembly made up of one representative from each member community. Representatives from each county then elect one person to serve on the eight-member NOPEC Board of Directors.

The Board oversees and manages the operation of the aggregation program. The degree of control exercised by any participating government is limited to its representation in the General Assembly and on the Board. The Village did not contribute to NOPEC during 2011 or 2010. Financial information can be obtained by contacting NOPEC, 31320 Solon Road Suite 20, Solon Ohio 44139.

Valley Enforcement Regional Council of Governments

The Village is a member of Valley Enforcement Regional Council of Governments (VERCOG). VERCOG is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. VERCOG was formed to continue to foster cooperation among political subdivisions through sharing of facilities for their common benefit. It includes the supervision and control of the Valley Enforcement Group (VEG), a mutual aid organization providing the mutual interchange and sharing of police personnel and police equipment. VERCOG is currently comprised of fifteen communities located within the Chagrin Valley which exercise law enforcement authority under Ohio law and whose law enforcement agency consists of four (4) or more full-time, sworn law enforcement officers. VERCOG is authorized to acquire and own police equipment and other property, to be used by all participating members, and may do any other thing permitted by law to accomplish its general purposes. Participating political subdivisions appoint one

Note 12 – Jointly Governed Organizations (continued)

representative to VERCOG and this representative is the Mayor, Safety Director, or other official designated by the enabling legislation passed by the political subdivision. Each Member of VERCOG is entitled to one (1) vote on each item under consideration. Financial information can be obtained by contacting Allison Chance at the City of Bedford Heights, (440) 786-3223.

Chagrin Valley Dispatch Council

The Village is a member of the Chagrin Valley Dispatch Council (CVD), CVD is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. CVD was formed to promote cooperative arrangements and coordinate action among its members in matters relating to the dispatch of public safety services and the operation of the Chagrin Valley Regional Communications Center (RCC). Participation in CVD is initially limited to political subdivisions located within the Chagrin Valley that are currently receiving public safety dispatch services from the Village of Chagrin Falls. It is currently comprised of eight communities. It is authorized to perform all functions necessary to improve, maintain and operate the RCC including entering into contractual arrangements for necessary services; to employ staff; purchase, lease or otherwise provide for supplies, materials and equipment and facilities; accept and raise public and private funding; and any and all other powers and authorities available pursuant to Chapter 167 of the Ohio Revised Code. Participating political subdivisions appoint one representative to CVD and this representative is the Mayor, Safety Director, or Chairman of the Board of Trustees or other official designated by the enabling legislation passed by the political subdivision. Each Member of CVD is entitled to one (1) vote on each item under consideration by the board. Financial information can be obtained by contacting David Bloom at the Village of Chagrin Falls, (440) 247-5050.

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

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

To the Village Council:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Hunting Valley, (Village), Cuyahoga County, Ohio, as of and for the years ended December 31, 2011 and 2010, which collectively comprise the Village's basic financial statements and have issued our report thereon dated June 22, 2012, wherein we noted the Village followed the modified cash basis of accounting rather than accounting principles generally accepted in the United States of America. Also, we noted the Village implemented Governmental Accounting Standard Board Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Controls Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented or detected and timely corrected.

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

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We intend this report solely for the information and use of management, the audit committee, the Village Council and others within the Village. We intend it for no one other than these specified parties.

Charles E. Harris and Associates

Charles E. Harris and Associates, Inc.

June 22, 2012

VILLAGE OF HUNTING VALLEY
CUYAHOGA COUNTY, OHIO

STATUS OF PRIOR AUDIT'S CITATIONS AND RECOMMENDATIONS
December 31, 2011 and 2010

The prior audit report, for the years ending December 31, 2009 and 2008, reported no material citations or recommendations.



Dave Yost • Auditor of State

VILLAGE OF HUNTING VALLEY

CUYAHOGA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
OCTOBER 23, 2012