



Dave Yost • Auditor of State



**ORANGE VILLAGE  
CUYAHOGA COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditor's Report .....	1
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2015 .....	3
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - Fiduciary Fund Type - For the Year Ended December 31, 2015 .....	4
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2014 .....	5
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - Fiduciary Fund Type - For the Year Ended December 31, 2014 .....	6
Notes to the Financial Statements .....	7
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	19
Schedule of Prior Audit Findings .....	21

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of Orange Village, Cuyahoga County, (the Village) as of and for the years ended December 31, 2015 and 2014.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

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

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

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

As described in Note 1 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

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

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

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2015 and 2014, or changes in financial position thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Orange Village, Cuyahoga County, as of December 31, 2015 and 2014, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2016, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

September 15, 2016

**ORANGE VILLAGE  
CUYAHOGA COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$899,255	\$44,521	\$0	\$563,872	\$1,507,648
Municipal Income Tax	3,766,482	0	0	0	3,766,482
Intergovernmental	122,350	573,969	0	74,065	770,384
Special Assessments	0	2,747	595,411	0	598,158
Charges for Services	194,790	0	0	0	194,790
Fines, Licenses and Permits	163,544	2,110	0	6,160	171,814
Earnings on Investments	2,720	73	0	523	3,316
Miscellaneous	82,146	76,225	0	25,386	183,757
<i>Total Cash Receipts</i>	<u>5,231,287</u>	<u>699,645</u>	<u>595,411</u>	<u>670,006</u>	<u>7,196,349</u>
<b>Cash Disbursements</b>					
Current:					
Security of Persons and Property	2,484,086	709,931	0	0	3,194,017
Leisure Time Activities	0	0	0	8,384	8,384
Community Environment	202,720	0	0	0	202,720
Basic Utility Services	183,384	0	0	0	183,384
Transportation	710,567	191,774	0	10,788	913,129
General Government	1,190,524	0	0	57,487	1,248,011
Capital Outlay	0	0	0	927,343	927,343
Debt Service:					
Principal Retirement	0	0	379,665	400,000	779,665
Interest and Fiscal Charges	0	0	250,693	3,989	254,682
<i>Total Cash Disbursements</i>	<u>4,771,281</u>	<u>901,705</u>	<u>630,358</u>	<u>1,407,991</u>	<u>7,711,335</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>460,006</u>	<u>(202,060)</u>	<u>(34,947)</u>	<u>(737,985)</u>	<u>(514,986)</u>
<b>Other Financing Receipts (Disbursements)</b>					
Sale of Capital Assets	191,823	0	0	0	191,823
Transfers In	0	180,000	9,508	297,823	487,331
Transfers Out	(477,823)	0	0	(9,508)	(487,331)
Advances In	25,000	25,000	0	0	50,000
Advances Out	(25,000)	(25,000)	0	0	(50,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(286,000)</u>	<u>180,000</u>	<u>9,508</u>	<u>288,315</u>	<u>191,823</u>
<i>Net Change in Fund Cash Balances</i>	174,006	(22,060)	(25,439)	(449,670)	(323,163)
<i>Fund Cash Balances, January 1</i>	<u>1,603,701</u>	<u>175,931</u>	<u>144,542</u>	<u>1,220,061</u>	<u>3,144,235</u>
<b>Fund Cash Balances, December 31</b>					
Restricted	0	153,871	119,103	539,060	812,034
Assigned	0	0	0	231,331	231,331
Unassigned	1,777,707	0	0	0	1,777,707
<i>Fund Cash Balances, December 31</i>	<u>\$1,777,707</u>	<u>\$153,871</u>	<u>\$119,103</u>	<u>\$770,391</u>	<u>\$2,821,072</u>

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

ORANGE VILLAGE  
CUYAHOGA COUNTY

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Agency</u>
<b>Non-Operating Cash Receipts</b>	
Miscellaneous Receipts - Deposits	<u>\$527,746</u>
<b>Non-Operating Cash Disbursements</b>	
Other Financing Uses - Refunds	<u>459,689</u>
<i>Net Change in Fund Cash Balances</i>	68,057
<i>Fund Cash Balances, January 1</i>	<u>273,546</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$341,603</u></u>

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

**ORANGE VILLAGE  
CUYAHOGA COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$953,493	\$45,022	\$0	\$570,245	\$1,568,760
Municipal Income Tax	3,506,731	0	0	0	3,506,731
Intergovernmental	643,960	465,185	0	138,139	1,247,284
Special Assessments	0	2,747	612,934	0	615,681
Charges for Services	202,406	0	0	0	202,406
Fines, Licenses and Permits	131,576	18,023	0	3,150	152,749
Earnings on Investments	56,391	169	0	162	56,722
Miscellaneous	139,336	40	0	104,942	244,318
<i>Total Cash Receipts</i>	<u>5,633,893</u>	<u>531,186</u>	<u>612,934</u>	<u>816,638</u>	<u>7,594,651</u>
<b>Cash Disbursements</b>					
Current:					
Security of Persons and Property	2,467,860	547,623	0	0	3,015,483
Leisure Time Activities	0	0	0	4,361	4,361
Community Environment	167,132	0	0	0	167,132
Basic Utility Services	182,985	0	0	0	182,985
Transportation	671,959	197,712	0	3,899	873,570
General Government	1,280,350	0	0	23,937	1,304,287
Capital Outlay	0	0	0	1,426,127	1,426,127
Debt Service:					
Principal Retirement	200,000	0	1,312,318	0	1,512,318
Interest and Fiscal Charges	0	0	285,232	0	285,232
<i>Total Cash Disbursements</i>	<u>4,970,286</u>	<u>745,335</u>	<u>1,597,550</u>	<u>1,458,324</u>	<u>8,771,495</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>663,607</u>	<u>(214,149)</u>	<u>(984,616)</u>	<u>(641,686)</u>	<u>(1,176,844)</u>
<b>Other Financing Receipts (Disbursements)</b>					
Sale of Notes	0	0	400,000	0	400,000
Premium and Accrued Interest on Debt	0	0	274	0	274
Transfers In	0	170,280	61,362	735,073	966,715
Transfers Out	(957,206)	0	0	(9,509)	(966,715)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(957,206)</u>	<u>170,280</u>	<u>461,636</u>	<u>725,564</u>	<u>400,274</u>
<i>Net Change in Fund Cash Balances</i>	<u>(293,599)</u>	<u>(43,869)</u>	<u>(522,980)</u>	<u>83,878</u>	<u>(776,570)</u>
<i>Fund Cash Balances, January 1</i>	<u>1,897,300</u>	<u>219,800</u>	<u>667,522</u>	<u>1,136,183</u>	<u>3,920,805</u>
<b>Fund Cash Balances, December 31</b>					
Restricted	0	175,931	144,542	1,116,039	1,436,512
Assigned	0	0	0	104,022	104,022
Unassigned	1,603,701	0	0	0	1,603,701
<i>Fund Cash Balances, December 31</i>	<u>\$1,603,701</u>	<u>\$175,931</u>	<u>\$144,542</u>	<u>\$1,220,061</u>	<u>\$3,144,235</u>

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

ORANGE VILLAGE  
CUYAHOGA COUNTY

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Agency</u>
<b>Non-Operating Cash Receipts</b>	
Miscellaneous Receipts - Deposits	<u>\$222,792</u>
<b>Non-Operating Cash Disbursements</b>	
Other Financing Uses - Refunds	<u>231,610</u>
<i>Net Change in Fund Cash Balances</i>	(8,818)
<i>Fund Cash Balances, January 1</i>	<u>282,364</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$273,546</u></u>

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

**ORANGE VILLAGE  
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Village**

The constitution and laws of the State of Ohio establish the rights and privileges of Orange Village, Cuyahoga County, (the Village) as a body corporate and politic. A publicly-elected Mayor and seven-member Council directs the Village. The Village provides general government services, including police, fire, building inspection and recreation programs.

The Village participates in jointly governed organizations. Note 11 to the financial statements provides additional information for these entities. These organizations are:

Chagrin Valley Dispatch Council: A regional council of governments 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.

Chagrin/Southeast Council of Governments: A regional council of governments formed to assist local fire departments in responding to incidents involving industrial chemicals.

Northeast Ohio Public Energy Council: A regional council of governments formed to serve as a vehicle for communities wishing to proceed jointly with an aggregation program for the purchase of electricity.

Valley Enforcement Regional Council of Governments: A regional council of governments formed to coordinate the sharing of police services among political subdivisions for their common benefit.

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

**B. Accounting Basis**

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

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

**C. Deposits and Investments**

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

The Village invested in STAR Ohio (the State Treasurer's investment pool) which is valued at amounts reported by the State Treasurer.

**ORANGE VILLAGE  
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 accounts for and reports all financial resources not accounted for and reported in another fund.

**2. Special Revenue Funds**

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

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

Police Pension Fund – This fund is used to account for property taxes and transfers from the General Fund which are used to pay police pension obligations.

FEMA Dispatch Grant Fund – This fund is used to account for funds that have been received from the Federal Emergency Management Agency to operate the Chagrin Valley Dispatch Center located in Bedford, Ohio. This dispatch center operates as a separate entity while maintaining separate and independent records from the Village.

**3. Debt Service Fund**

This fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village's debt service fund receives special assessment receipts and transfers from the General Fund which are used to retire bond and note debt.

**4. Capital Project Funds**

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

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

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

**ORANGE VILLAGE  
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**5. Fiduciary Funds**

The Village's fiduciary funds are agency funds. Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other governments. The Village's agency funds account for:

Contractor's Deposits – This fund is used to account for the collection and distribution of contractor's deposits.

Mayor's Court Fund – This fund holds deposits which consist of traffic violations within the Village limits. A portion of these revenues are paid to the Village's General Fund and the remainder is remitted to the State of Ohio.

**E. Budgetary Process**

The Ohio Revised Code requires that each fund (except certain agency funds) 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 Village Council must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

**2. Estimated Resources**

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

**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.

A summary of 2015 and 2014 budgetary activity appears in Note 3.

**F. Fund Balance**

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

**1. Nonspendable**

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

**ORANGE VILLAGE  
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. Fund Balance (Continued)**

**2. Restricted**

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

**3. Committed**

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

**4. Assigned**

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

**5. Unassigned**

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

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

**G. Property, Plant, and Equipment**

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

**H. Accumulated Leave**

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

**ORANGE VILLAGE  
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

**2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS**

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

	2015	2014
Demand deposits	\$2,669,982	\$2,925,611
STAR Ohio	492,693	492,170
Total deposits and investments	\$3,162,675	\$3,417,781

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Village.

**Investments:** Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2015 and 2014 follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$5,375,896	\$5,448,110	\$72,214
Special Revenue	1,544,568	904,645	(639,923)
Debt Service	597,000	604,919	7,919
Capital Projects	968,062	967,829	(233)
Fiduciary	400,000	527,746	127,746
Total	\$8,885,526	\$8,453,249	(\$432,277)

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$5,537,648	\$5,274,104	\$263,544
Special Revenue	948,350	926,705	21,645
Debt Service	634,000	630,358	3,642
Capital Projects	1,454,500	1,417,499	37,001
Fiduciary	0	459,689	(459,689)
Total	\$8,574,498	\$8,708,355	(\$133,857)

**ORANGE VILLAGE  
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$5,533,000	\$5,633,893	\$100,893
Special Revenue	719,505	701,466	(18,039)
Debt Service	1,063,068	1,074,570	11,502
Capital Projects	1,512,685	1,551,711	39,026
Fiduciary	200,000	222,792	22,792
Total	\$9,028,258	\$9,184,432	\$156,174

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$6,187,207	\$5,927,492	\$259,715
Special Revenue	839,700	745,335	94,365
Debt Service	1,650,000	1,597,550	52,450
Capital Projects	1,741,000	1,467,833	273,167
Fiduciary	0	231,610	(231,610)
Total	\$10,417,907	\$9,969,820	\$448,087

**4. PROPERTY TAX**

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

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

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

**5. LOCAL INCOME TAX**

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

Employers within the Village withhold income tax on employee compensation and remit the tax to the Regional Income Tax Agency (RITA) either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a final return annually. Taxes collected by RITA in one month are remitted to the Village on the 1st and the 15th of the following month. Income tax revenue is credited entirely to the General Fund.

**ORANGE VILLAGE  
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

**6. DEBT**

Debt outstanding at December 31, 2015 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Bonds - Lander Watermain	\$165,000	4.8%
Orange Place South Extension Bonds	1,000,000	2.25% to 5.13%
Orange Place North Bonds	430,000	4% to 5.25%
Ohio Public Works Commission Loan - Orange Place North	50,593	0%
Ohio Public Works Commission Loan - Harvard Road	52,291	0%
Ohio Water Development Authority Loan - Sewer and Stormwater Line Construction	647,987	4%
Ohio Water Development Authority Loan - Water Line Construction	387,406	4%
Cuyahoga County Bonds - Chagrin Highlands	980,000	3% to 5.25%
Emery Road Improvement Bonds	555,000	4.65% to 5.5%
Total	<u>\$4,268,277</u>	

The General Obligation Bonds – Lander Watermain were issued in 1998 for \$525,000 and relate to water line improvements which are being repaid in semiannual installments, including interest, over 20 years. The bonds are being repaid through special assessments.

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

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

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

**ORANGE VILLAGE  
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

**6. DEBT (Continued)**

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

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

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

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

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

**ORANGE VILLAGE  
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

**6. DEBT (Continued)**

Year ending December 31:	Lander Watermain G.O. Bonds	Orange Place South Extension Bonds	Orange Place North Bonds	Orange Place North OPWC Loan
2016	\$38,003	\$151,250	\$62,315	\$5,059
2017	41,547	146,125	60,475	5,059
2018	104,850	141,000	63,375	5,059
2019	0	135,875	61,013	5,059
2020	0	130,750	58,650	5,059
2021-2025	0	565,087	244,137	25,298
2026-2030	0	0	0	0
Total	<u>\$184,400</u>	<u>\$1,270,087</u>	<u>\$549,965</u>	<u>\$50,593</u>

Year ending December 31:	Harvard Road OPWC Loan	OWDA Loan #3266	OWDA Loan #3271	Cuyahoga County Bonds
2016	\$9,507	\$72,455	\$43,318	\$139,063
2017	9,507	81,932	48,984	139,337
2018	9,507	83,372	49,845	139,350
2019	9,507	84,905	50,762	134,100
2020	9,507	86,539	51,738	134,100
2021-2025	4,756	364,723	218,054	549,900
2026-2030	0	0	0	0
Total	<u>\$52,291</u>	<u>\$773,926</u>	<u>\$462,701</u>	<u>\$1,235,850</u>

Year ending December 31:	Emery Road Improvement Bonds	Totals
2016	\$55,058	\$576,028
2017	58,895	591,861
2018	67,500	663,858
2019	70,300	551,521
2020	67,825	544,168
2021-2025	330,075	2,302,030
2026-2030	124,350	124,350
Total	<u>\$774,003</u>	<u>\$5,353,816</u>

**ORANGE VILLAGE  
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

**7. RETIREMENT SYSTEMS**

The Village's police officers belong to the Police and Fire Pension Fund (OP&F). Other employees, except fire fighters hired after August 3, 1992, belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 10.5% of their wages for the first half of 2014, 11.5% for the second half of 2014 and first half of 2015, and 12.25% for the second half of 2015. For 2015 and 2014, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2015 and 2014, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2015.

Effective August 3, 1992, any new part-time firefighters are no longer covered by OPERS and must contribute to social security. The Village liability is 6.2 percent of wages paid.

**8. RISK MANAGEMENT**

**Commercial Insurance**

The Village has obtained commercial insurance for the following risks:

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

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

**9. JOINT ECONOMIC ZONE AGREEMENT**

The Village has a Joint Economic Development Zone Agreement with the Cities of Cleveland and Warrensville Heights entered into pursuant to Ohio Revised Code Section 715.69. The City of Cleveland owns property currently situated in the City of Warrensville Heights and the Village, and desires to develop the property to create job opportunities as well as tax and other revenue. The Village is responsible for providing municipal services. The three municipalities have agreed to share in the zone agreement income tax revenues generated from this agreement. The City of Cleveland, City of Warrensville Heights and the Village will receive 37.5%, 12.5% and 50%, respectively, of the income tax revenue. The Village administers this income tax. During 2015, \$452,054 of gross zone income tax revenue was collected, of which \$221,505 represents the Village's portion. During 2014, \$431,150 of gross zone agreement income tax revenue was collected, of which \$204,346 represents the Village's portion.

**ORANGE VILLAGE  
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

**10. JOINTLY GOVERNED ORGANIZATIONS**

**Chagrin Valley Dispatch Council**

The Village is a member of the Chagrin Valley Dispatch Council (CVD), 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"). It is currently comprised of 12 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. Each member of CVD is entitled to one vote on each item under consideration by the board. During 2015 and 2014, the Village contributed \$75,013 and \$88,650, respectively, to CVD. Financial information can be obtained by contacting the City of Brecksville, 9069 Brecksville Road, Brecksville, Ohio 44141.

**Chagrin/Southeast Council of Governments**

The Village is a member of the Chagrin/Southeast Council of Governments (the Council), a regional council of governments formed under Chapter 167 of the Ohio Revised Code. The Council operates the Chagrin/Southeast HazMat Response Team. The team was formed in 1990 to assist local fire departments in responding to incidents involving industrial chemicals. The Council has established two subsidiary organizations, the West Shore Hazardous Materials Committee which provides hazardous material protection and assistance, and the West Shore Enforcement Bureau which provides extra assistance to cities in the form of a Swat Team. The Village contributed \$3,500 to the Council in both 2015 and 2014. Financial information can be obtained by contacting the Village of Glenwillow, 29555 Pettibone Road, Glenwillow, Ohio 44139.

**Northeast Ohio Public Energy Council**

The Village is a member of the Northeast Ohio Public Energy Council (NOPEC), 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. NOPEC is currently comprised of almost 200 communities who have been authorized by ballot to purchase electricity on behalf of their citizens. The intent of NOPEC is to provide electricity 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 to the citizens of its member communities.

NOPEC is governed by a General Assembly made up of one representative from each member community. The representatives on the governing board 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 2015 or 2014. Financial information can be obtained by contacting NOPEC, 31360 Solon Road, Suite 33, Solon, Ohio 44139.

**ORANGE VILLAGE  
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

**10. JOINTLY GOVERNED ORGANIZATIONS (Continued)**

**Valley Enforcement Regional Council of Governments**

The Village is a member of Valley Enforcement Regional Council of Governments (VERCOG), a regional council of governments formed under Chapter 167 of the Ohio Revised Code. VERCOG was formed to coordinate the sharing of police services among political subdivisions for their common benefit. It includes the supervision and control of the Valley Enforcement Group ("VEG"), which has been a mutual aid organization providing the mutual interchange and sharing of police personnel and police equipment. VERCOG is currently comprised of fifteen communities located within the Chagrin Valley which exercise law enforcement authority under Ohio law and whose law enforcement agency consists of four (4) or more full-time, sworn law enforcement officers. VERCOG is authorized to acquire and own police equipment and other property, to be used by all participating members, and may do any other thing permitted by law to accomplish its general purposes. The Village contributed \$7,000 to VERCOG in both 2015 and 2014. Financial information can be obtained by contacting the City of Pepper Pike, 28000 Shaker Blvd., Pepper Pike, Ohio 44124.



# Dave Yost • Auditor of State

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

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

To the Village Council:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of Orange Village, Cuyahoga County, (the Village) as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements and have issued our report thereon dated September 15, 2016 wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

### ***Internal Control Over Financial Reporting***

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

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

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

***Compliance and Other Matters***

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

***Purpose of this Report***

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State  
Columbus, Ohio

September 15, 2016

**ORANGE VILLAGE  
CUYAHOGA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2015 AND 2014**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2013-001	Financial Reporting	Corrected	None

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# Dave Yost • Auditor of State

ORANGE VILLAGE

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  
SEPTEMBER 29, 2016