



OHIO AUDITOR OF STATE  
**KEITH FABER**





VILLAGE OF HUNTING VALLEY  
CUYAHOGA COUNTY

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**INDEPENDENT AUDITOR'S REPORT**

Village of Hunting Valley  
Cuyahoga County  
38251 Fairmount Blvd.  
Hunting Valley, Ohio 44202

To the Village Council:

***Report on the Audit of the Financial Statements***

***Unmodified and Adverse Opinions***

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

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

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

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

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village, as of December 31, 2021 and 2020, or the changes in financial position thereof for the years then ended.

***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Village, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 2 of the financial statements, the financial statements are prepared by the Village on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

***Emphasis of Matter***

As discussed in Note 15 to the 2021 financial statements and Note 16 to the 2020 financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. We did not modify our opinion regarding this matter

***Responsibilities of Management for the Financial Statements***

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

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

***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 24, 2023, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio

February 24, 2023

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**The Village of Hunting Valley**  
*Cuyahoga County*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*All Governmental Fund Types*  
*For the Year Ended December 31, 2021*

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$1,096,121	\$42,752	\$0	\$1,275,194	\$2,414,067
Intergovernmental	195,299	102,054	0	3,078	300,431
Charges for Services	44,502	0	0	0	44,502
Fines, Licenses and Permits	160,317	0	0	0	160,317
Earnings on Investments	1,571,262	498	0	0	1,571,760
Miscellaneous	368,548	0	0	0	368,548
<i>Total Cash Receipts</i>	<u>3,436,049</u>	<u>145,304</u>	<u>0</u>	<u>1,278,272</u>	<u>4,859,625</u>
<b>Cash Disbursements</b>					
Current:					
Security of Persons and Property	1,832,286	74,588	0	0	1,906,874
Basic Utility Services	122,251	0	0	0	122,251
Transportation	1,427,425	55,022	0	0	1,482,447
General Government	1,042,611	509	0	13,468	1,056,588
Debt Service:					
Principal Retirement	0	0	33,713	0	33,713
<i>Total Cash Disbursements</i>	<u>4,424,573</u>	<u>130,119</u>	<u>33,713</u>	<u>13,468</u>	<u>4,601,873</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(988,524)</u>	<u>15,185</u>	<u>(33,713)</u>	<u>1,264,804</u>	<u>257,752</u>
<b>Other Financing Receipts (Disbursements)</b>					
Sale of Capital Assets	1,155	0	0	0	1,155
Transfers In	0	0	23,000	0	23,000
Transfers Out	(23,000)	0	0	0	(23,000)
Advances In	0	38,000	0	0	38,000
Advances Out	(38,000)	0	0	0	(38,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(59,845)</u>	<u>38,000</u>	<u>23,000</u>	<u>0</u>	<u>1,155</u>
<i>Net Change in Fund Cash Balances</i>	<u>(1,048,369)</u>	<u>53,185</u>	<u>(10,713)</u>	<u>1,264,804</u>	<u>258,907</u>
<i>Fund Cash Balances, January 1</i>	<u>55,924,475</u>	<u>69,047</u>	<u>11,409</u>	<u>1,234,533</u>	<u>57,239,464</u>
<i>Fund Cash Balances, December 31</i>	<u>\$54,876,106</u>	<u>\$122,232</u>	<u>\$696</u>	<u>\$2,499,337</u>	<u>\$57,498,371</u>

See accompanying notes to the basic financial statements

**The Village of Hunting Valley**  
*Cuyahoga County*  
*Statement of Additions, Deductions*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*Fiduciary Fund Types*  
*For the Year Ended December 31, 2021*

	<u>Fiduciary Fund Types</u>
	<u>Custodial</u>
<b>Additions</b>	
Deposits Received	\$180,931
Other Amounts Collected for Distribution	472
<i>Total Additions</i>	<u>181,403</u>
<b>Deductions</b>	
Distributions of Deposits	<u>193,355</u>
<i>Total Deductions</i>	<u>193,355</u>
<i>Net Change in Fund Balances</i>	(11,952)
<i>Fund Cash Balances, January 1</i>	<u>263,477</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$251,525</u></u>

*See accompanying notes to the basic financial statements*

**Village of Hunting Valley**  
*Cuyahoga County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**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. A publicly-elected six-member Council directs the Village. The Village provides street repair and maintenance 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.

***Jointly Governed Organizations and Public Entity Risk Pool***

The Village participates in jointly governed organizations and a public entity risk pool. Notes 6 and 12 to the financial statements provide additional information for these entities. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

**Note 2 - Summary of Significant Accounting Policies**

***Basis of Presentation***

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a statement of additions, deductions and changes in fund balances (regulatory cash basis) fiduciary fund types, which are all organized on a fund type basis.

***Fund Accounting***

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

***General Fund*** The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

***Special Revenue Funds*** These funds account for and report the proceeds of specific revenue sources that are restricted 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*** The street construction, maintenance and repair fund accounts for and reports receipts of gasoline tax and motor vehicle tax money for the purpose of constructing, maintaining, and repairing Village streets.

***Police Disability and Pension Fund*** The police pension fund accounts for and reports receipts of property tax monies restricted for the purpose of providing pension services to the Village police officers.

**Village of Hunting Valley**  
*Cuyahoga County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 2 - Summary of Significant Accounting Policies (continued)**

**Debt Service Funds** These funds account for and report financial resources that are committed to expenditure for principal and interest. The Village had the following significant Debt Service Fund:

**General Obligation Bond Retirement Fund** The general obligation bond retirement fund accounts for and reports resources restricted for the retirement of debt issued to finance public improvements deemed to benefit the community.

**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 Fund:

**Road Construction Fund** The road construction fund accounts for and reports receipts of property tax monies used for the purpose of completing road construction projects.

**Fiduciary Funds** Fiduciary funds include private purpose trust funds, investment trust funds, and custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria.

Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's custodial fund primarily accounts for deposits received related to construction projects within the Village's boundaries.

For regulatory purposes, certain own source revenues are permitted to flow through clearing funds presented as custodial funds. The amounts distributed to the other funds of the entity are identified on the statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types. Also, for regulatory purposes, certain deposits and clearing funds are permitted to be presented as custodial funds.

***Basis of Accounting***

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

**Village of Hunting Valley**  
*Cuyahoga County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 2 - Summary of Significant Accounting Policies (continued)**

***Budgetary Process***

The Ohio Revised Code requires that each fund (except certain custodial funds) be budgeted annually.

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

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

***Encumbrances*** The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2021 budgetary activity appears in Note 3.

***Deposits and Investments***

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

The Village values U.S. Treasury Notes at cost. Investments in STAR Ohio are measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

***Capital Assets***

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

***Accumulated Leave***

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

**Village of Hunting Valley**  
*Cuyahoga County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 2 - Summary of Significant Accounting Policies (continued)**

***Fund Balance***

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

***Nonspendable*** The Village classifies assets as nonspendable when legally or contractually required to maintain the amounts intact. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village.

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

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

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

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

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 14.

**Village of Hunting Valley**  
*Cuyahoga County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

**Note 3 - Budgetary Activity**

Budgetary activity for the year ended December 31, 2021 follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 2,555,212	\$ 3,437,204	\$ 881,992
Special Revenue	180,125	183,304	3,179
Debt Service	23,000	23,000	-
Capital Projects	1,046,884	1,278,272	231,388

2021 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 6,118,116	\$ 5,276,219	\$ 841,897
Special Revenue	163,946	130,119	33,827
Debt Service	34,237	33,713	524
Capital Projects	25,000	13,468	11,532

**Note 4 – Deposits and Investments**

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village's deposit and investment accounts are as follows:

	2021
Demand deposits	\$ 1,251,726
Savings account	10,062
Certificates of deposits	62,863
Total deposits	1,324,651
STAR SMA	49,947,146
Municipal bonds	5,985,100
U.S. Treasury	11,843
STAR Ohio	481,156
Total investments	56,425,245
Total deposits and investments	\$ 57,749,896

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2021, the village did not have any money in unremitted employee payroll withholdings.

**Village of Hunting Valley**  
*Cuyahoga County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 4 – Deposits and Investments (Continued)**

***Deposits***

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

***Investments***

The Federal Reserve holds the Village's U.S. Treasury Notes in book-entry form, in the name of the Village's financial institution. The financial institution maintains records identifying the Village as owner of these securities.

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

A financial institution's trust department holds the Village's equity securities in book-entry form in the Village's name.

**Note 5 – Taxes**

***Property Taxes***

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

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

**Note 6 - Risk Management**

***Risk Pool Membership***

The Village is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the Village's policy. The Pool covers the following risks:

- |                                  |                        |
|----------------------------------|------------------------|
| - General liability and casualty | - Automobile liability |
| - Public official's liability    | - Vehicles             |
| - Cyber                          | - Property             |
| - Law Enforcement Liability      | - Equipment Breakdown  |



**Village of Hunting Valley**  
*Cuyahoga County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 6 - Risk Management (continued)**

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2021</u>
Cash and investments	\$41,996,850
Actuarial liabilities	14,974,099

**Note 7 – Interfund Balances**

Outstanding advances at December 31, 2021, consisted of \$38,000 advanced to the American Rescue Plan Fund to provide working capital for operations or projects until ARPA funds are received in 2022.

**Note 8 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Most Village employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. 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, 2021.

***Ohio Police and Fire Retirement System***

The Village’s full-time Police Officers belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members’ wages. The Village has paid all contributions required through December 31, 2021.

**Note 9 - Postemployment Benefits**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0% during calendar year 2021. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4% during calendar year 2021. OP&F contributes 0.5% to fund these benefits.

**Village of Hunting Valley**  
*Cuyahoga County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 9 - Postemployment Benefits (continued)**

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

**Note 10 – Debt**

Debt outstanding at December 31, 2021 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OPWC Loan #CT04O	\$ 140,470	0.00%
OPWC Loan #CT06S	<u>174,183</u>	0.00%
Total	<u>\$ 314,653</u>	

The Ohio Public Works Commission (OPWC) Loan (Fairmount Reconstruction Loan) is a zero interest loan for the project known as Fairmount I to reconstruct that road. This loan will be repaid from the Bond Retirement fund of the Village.

The Ohio Public Works Commission (OPWC) Loan (Fairmount Reconstruction Loan) is a zero interest loan for the project known as Fairmount Phase II to reconstruct that road. This loan will be repaid from the Bond Retirement fund of the Village.

***Amortization***

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

<u>Year ending December 31:</u>	<u>OPWC #CT04O</u>	<u>OPWC #CT06S</u>
2022	5,619	5,619
2023	11,238	11,238
2024	11,238	11,238
2025	11,238	11,238
2026	11,238	11,238
2027-2031	56,188	56,188
2032-2036	33,711	56,188
2037-2040	-	11,236
Total	<u>\$140,470</u>	<u>\$174,183</u>

**Note 11 – Contingent Liabilities**

The Village may be a defendant in lawsuits. Although management cannot presently determine the outcome of any suit, management believes that the resolution of any matter will not materially adversely affect the Village’s financial condition.

**Village of Hunting Valley**  
*Cuyahoga County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 11 – Contingent Liabilities (continued)**

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**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 of over 240 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 2021. Financial information can be obtained by contacting Chuck Keiper, Executive Director, 31360 Solon Road, Suite 33, Solon, Ohio 44139.

***Valley Enforcement Regional Council of Governments***

The Village is a member of Valley Enforcement Regional Council of Governments (VERCOG). 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 sixteen 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 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 Susan Renda, 4350 SOM Center Rd, Moreland Hills OH 44022, (440) 248-1188.

**Village of Hunting Valley**  
*Cuyahoga County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 13 – Jointly Governed Organizations (continued)**

***Suburban Water Regional Council of Governments***

The Village is a member of the Suburban Water Regional Council of Governments, which is an organization of political subdivisions to which the City of Cleveland, Ohio, sells water, either by direct service to residents or on a bulk basis. The purpose of the Council is to represent such political subdivisions in communications, understandings, uniform approaches and exchange of information between the Council of Governments and the City of Cleveland, Ohio, with respect to water service, system and local operations, rates, maintenance and capital improvements including, but not limited to negotiations with the City of Cleveland concerning the Standard Water Contract and issues concerning the use of the fees for water service for repair and replacement of water lines in the political subdivisions. Financial information can be obtained by contacting Lisa Barno, 10107 Brecksville Road, Brecksville OH 44141, (440) 526-3433.

***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 was initially limited to political subdivisions located within the Chagrin Valley that were currently receiving public safety dispatch services from the Village of Chagrin Falls. At December 31, 2021 it is comprised of nine communities. It is authorized to perform all functions necessary to improve, maintain and operate the RCC including entering into contractual arrangements for necessary services; to employ staff; purchase, lease or otherwise provide for supplies, materials and equipment and facilities; accept an raise public and private funding; and any and all other powers and authorities available pursuant to Chapter 167 of the 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 Virginia Price at the Chagrin Valley Dispatch, 88 Center Avenue, Suite B100, Bedford, Ohio 44146 or by calling (440) 247-7321.

**Note 14 – Fund Balances**

Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end, the General Fund had an outstanding encumbrance balance of \$790,646.

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

**Village of Hunting Valley**  
*Cuyahoga County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 15 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2021, the Village received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated. The Village's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined.

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**The Village of Hunting Valley**

*Cuyahoga County*

*Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (Regulatory Cash Basis)*

*All Governmental Fund Types*

*For the Year Ended December 31, 2020*

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$1,071,084	\$41,134	\$0	\$1,231,624	\$2,343,842
Intergovernmental	182,510	136,718	0	3,448	322,676
Charges for Services	244,275	0	0	0	244,275
Fines, Licenses and Permits	190,859	0	0	0	190,859
Earnings on Investments	2,148,843	0	0	0	2,148,843
Miscellaneous	570,659	0	0	0	570,659
<i>Total Cash Receipts</i>	<u>4,408,230</u>	<u>177,852</u>	<u>0</u>	<u>1,235,072</u>	<u>5,821,154</u>
<b>Cash Disbursements</b>					
Current:					
Security of Persons and Property	1,808,754	116,483	0	0	1,925,237
Basic Utility Services	118,773	0	0	0	118,773
Transportation	1,801,637	60,001	0	0	1,861,638
General Government	1,332,305	0	0	0	1,332,305
Capital Outlay	0	0	0	539	539
Debt Service:					
Principal Retirement	0	0	11,238	0	11,238
<i>Total Cash Disbursements</i>	<u>5,061,469</u>	<u>176,484</u>	<u>11,238</u>	<u>539</u>	<u>5,249,730</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(653,239)</u>	<u>1,368</u>	<u>(11,238)</u>	<u>1,234,533</u>	<u>571,424</u>
<b>Other Financing Receipts (Disbursements)</b>					
Sale of Capital Assets	8,982	0	0	0	8,982
Transfers In	0	0	22,475	0	22,475
Transfers Out	(22,475)	0	0	0	(22,475)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(13,493)</u>	<u>0</u>	<u>22,475</u>	<u>0</u>	<u>8,982</u>
<i>Net Change in Fund Cash Balances</i>	<u>(666,732)</u>	<u>1,368</u>	<u>11,237</u>	<u>1,234,533</u>	<u>580,406</u>
<i>Fund Cash Balances, January 1</i>	<u>56,591,207</u>	<u>67,679</u>	<u>172</u>	<u>0</u>	<u>56,659,058</u>
<i>Fund Cash Balances, December 31</i>	<u>\$55,924,475</u>	<u>\$69,047</u>	<u>\$11,409</u>	<u>\$1,234,533</u>	<u>\$57,239,464</u>

*See accompanying notes to the basic financial statements*

**The Village of Hunting Valley**  
*Cuyahoga County*  
*Statement of Additions, Deductions*  
*and Changes in Fund Balance (Regulatory Cash Basis)*  
*Fiduciary Fund Type*  
*For the Year Ended December 31, 2020*

	<u>Fiduciary Fund Types</u>
	<u>Custodial</u>
<b>Additions</b>	
Earnings on Investments	\$337
Deposits Received	180,091
Other Amounts Collected for Distribution	2,050
<i>Total Additions</i>	<u>182,478</u>
<b>Deductions</b>	
Distributions of Deposits	<u>122,336</u>
<i>Total Deductions</i>	<u>122,336</u>
<i>Net Change in Fund Balances</i>	60,142
<i>Fund Cash Balances, January 1</i>	<u>203,335</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$263,477</u></u>

*See accompanying notes to the basic financial statements*



**Village of Hunting Valley**  
*Cuyahoga County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**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. A publicly-elected six-member Council directs the Village. The Village provides street repair and maintenance 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.

***Jointly Governed Organizations and Public Entity Risk Pool***

The Village participates in jointly governed organizations and a public entity risk pool. Notes 13 and 7 to the financial statements provide additional information for these entities. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

**Note 2 - Summary of Significant Accounting Policies**

***Basis of Presentation***

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a statement of additions, deductions and changes in fund balances (regulatory cash basis) fiduciary fund types which are all organized on a fund type basis.

***Fund Accounting***

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

***General Fund*** The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

***Special Revenue Funds*** These funds account for and report the proceeds of specific revenue sources that are restricted 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*** The street construction, maintenance and repair fund accounts for and reports receipts of gasoline tax and motor vehicle tax money for the purpose of constructing, maintaining, and repairing Village streets.

***Police Disability and Pension Fund*** The police pension fund accounts for and reports receipts of property tax monies restricted for the purpose of police services.

***Coronavirus Relief Fund*** The coronavirus relief fund accounts for and reports receipts of CARES Act monies used for the purpose of emergency relief and equipment due to the virus.

**Village of Hunting Valley**  
*Cuyahoga County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 2 - Summary of Significant Accounting Policies (continued)**

**Debt Service Funds** These funds account for and report financial resources that are committed to expenditure for principal and interest. The Village had the following significant Debt Service Fund:

**General Obligation Bond Retirement Fund** The general obligation bond retirement fund accounts for and reports resources restricted for the retirement of debt issued to finance public improvements deemed to benefit the community.

**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 Fund:

**Road Construction Fund** The road construction fund accounts for and reports receipts of property tax monies used for the purpose of completing construction projects.

**Fiduciary Funds** Fiduciary funds include private purpose trust funds, investment trust funds, and custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria.

Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's custodial fund primarily accounts for deposits received related to construction projects within the Village's boundaries.

For regulatory purposes, certain own source revenues are permitted to flow through clearing funds presented as custodial funds. The amounts distributed to the other funds of the entity are identified on the statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types. Also, for regulatory purposes, certain deposits and clearing funds are permitted to be presented as custodial funds.

***Basis of Accounting***

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

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

***Budgetary Process***

The Ohio Revised Code requires that each fund (except certain custodial funds) be budgeted annually.

**Village of Hunting Valley**  
*Cuyahoga County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 2 - Summary of Significant Accounting Policies (continued)**

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

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

**Encumbrances** The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over and need not be reappropriated.

A summary of 2020 budgetary activity appears in Note 4.

**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 values U.S. Treasury Notes at cost. Investments in STAR Ohio are measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

**Capital Assets**

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

**Accumulated Leave**

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

**Fund Balance**

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

**Nonspendable** The Village classifies assets as nonspendable when legally or contractually required to maintain the amounts intact. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village.

**Village of Hunting Valley**  
*Cuyahoga County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 2 - Summary of Significant Accounting Policies (continued)**

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

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

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

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

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 14.

**Note 3 – Compliance**

Contrary to Ohio law, appropriations in the Road Construction Fund exceeded estimated resources by \$1,234,533, for the year ended December 31, 2020.

**Note 4 - Budgetary Activity**

Budgetary activity for the year ended December 31 2020 follows:

Fund Type	2020 Budgeted vs. Actual Receipts		Variance
	Budgeted Receipts	Actual Receipts	
General	\$ 3,897,585	\$ 4,417,212	\$ 519,627
Special Revenue	1,412,803	177,852	(1,234,951)
Debt Service	22,476	22,475	(1)
Capital Projects	-	1,235,072	1,235,072

**Village of Hunting Valley**  
*Cuyahoga County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

**Note 4 - Budgetary Activity (continued)**

2020 Budgeted vs. Actual Budgetary Basis Disbursements			
	Appropriation	Budgetary	
Fund Type	Authority	Disbursement	Variance
General	\$ 7,139,281	\$ 5,083,944	\$ 2,055,337
Special Revenue	176,484	176,484	-
Debt Service	22,476	11,238	11,238
Capital Projects	1,234,533	539	1,233,994

**Note 5 – Deposits and Investments**

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village’s deposit and investment accounts are as follows:

	2020
Demand deposits	\$ 248,223
Savings account	10,057
Certificates of deposits	62,848
Total deposits	321,128
Municipal bonds	27,202,780
U.S. Treasury	2,942,299
Governmental Agencies	347,785
STAR SMA	26,227,223
STAR Ohio Plus	3,639
STAR Ohio	458,087
Total investments	57,181,813
Total deposits and investments	\$ 57,502,941

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2020, the Village did not have any money in unremitted employee payroll withholdings.

***Deposits***

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

**Village of Hunting Valley**  
*Cuyahoga County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 5 – Deposits and Investments (continued)**

***Investments***

The Federal Reserve holds the Village’s U.S. Treasury Notes in book-entry form, in the name of the Village’s financial institution. The financial institution maintains records identifying the Village as owner of these securities.

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

A financial institution’s trust department holds the Village’s equity securities in book-entry form in the Village’s name.

**Note 6 – Taxes**

***Property Taxes***

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

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

**Note 7 - Risk Management**

***Risk Pool Membership***

The Village is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the Village’s policy. The Pool covers the following risks:

- |                                  |                        |
|----------------------------------|------------------------|
| - General liability and casualty | - Automobile liability |
| - Public official’s liability    | - Vehicles             |
| - Cyber                          | - Property             |
| - Law enforcement liability      | - Equipment breakdown  |

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2020</u>
Cash and Investments	\$ 40,318,971
Actuarial liabilities	14,111,510

**Village of Hunting Valley**  
*Cuyahoga County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 8 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Most Village employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. 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, 2020.

***Ohio Police and Fire Pension Fund***

The Village's full-time Police Officers belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2020.

**Note 9 - Postemployment Benefits**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0% during calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0% during calendar year 2020. OP&F contributes 0.5% to these benefits.

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

**Village of Hunting Valley**  
*Cuyahoga County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 10 – Debt**

Debt outstanding at December 31, 2020 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OPWC Loan # CT04O	\$157,326	0%
OPWC Loan # CT06S	<u>191,039</u>	0%
Total	<u><u>\$348,365</u></u>	

The Ohio Public Works Commission (OPWC) Loan (Fairmount Reconstruction Loan) is a zero interest loan for the project known as Fairmount I to reconstruct that road. This loan will be repaid from the Bond Retirement fund of the Village.

The Ohio Public Works Commission (OPWC) Loan (Fairmount Reconstruction Loan) is a zero interest loan for the project known as Fairmount Phase II to reconstruct that road. This loan will be repaid from the Bond Retirement fund of the Village.

***Amortization***

Amortization of the above debt is scheduled as follows:

Year ending December 31:	OPWC #CT04O	OPWC #CT06S
2021	<u>11,238</u>	<u>11,238</u>
2022	11,238	11,238
2023	11,238	11,238
2024	11,238	11,238
2025	11,238	11,238
2026-2030	56,188	56,188
2031-2035	44,948	56,188
2036-2040	-	<u>22,473</u>
Total	<u><u>\$ 157,326</u></u>	<u><u>\$ 191,039</u></u>

**Note 11 – Contingent Liabilities**

The Village may be a defendant in lawsuits. Although management cannot presently determine the outcome of any suit, management believes that the resolution of any matter will not materially adversely affect the Village's financial condition.

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.



**Village of Hunting Valley**  
*Cuyahoga County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 12 – Transfers**

During 2020, the Village made a \$22,475 transfer from the General fund to the Bond Retirement fund to provide for debt obligation expenditures. All transfers were approved in accordance with Ohio Revised Code sections 5705.14, 5705.15 and 5705.16.

**Note 13 – 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 of over 240 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 2020. Financial information can be obtained by contacting Chuck Keiper, Executive Director, 31360 Solon Road, Suite 33, Solon, Ohio 44139.

***Valley Enforcement Regional Council of Governments***

The Village is a member of Valley Enforcement Regional Council of Governments (VERCOG). 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 sixteen 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 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 Susan Renda, 4350 SOM Center Rd, Moreland Hills OH 44022, (440) 248-1188.

**Village of Hunting Valley**  
*Cuyahoga County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 13 – Jointly Governed Organizations (continued)**

***Suburban Water Regional Council of Governments***

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

**Village of Hunting Valley**  
*Cuyahoga County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 15 – Change in Accounting Principle**

For 2020, the Village has made changes to their cash basis reporting model. These changes include modifications to the definition of fiduciary funds, adding a separate Statement of Additions, Deductions and Changes in Fund Balances (Regulatory Cash Basis) – All Fiduciary Fund Types, and removing the fund balance classifications from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types. There was no change to the beginning fund balance.

**Note 16 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. The Village’s investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Village’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

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# OHIO AUDITOR OF STATE KEITH FABER



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Columbus, Ohio 43215  
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## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Village of Hunting Valley  
Cuyahoga County  
38251 Fairmount Blvd.  
Hunting Valley, Ohio 44202

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements for each governmental and fiduciary fund type combined total as of and for the years ended December 31, 2021 and 2020 and the related notes to the financial statements of the Village of Hunting Valley, Cuyahoga County, (the Village) and have issued our report thereon dated February 24, 2023, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village.

### ***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2021-001 that we consider to be a material weakness.

***Report on Compliance and Other Matters***

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

***Village's Response to the Finding***

*Government Auditing Standards* requires the auditor to perform limited procedures on the Village's response to the finding identified in our audit and described in the accompanying schedule of findings. The Village's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

***Purpose of This Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

February 24, 2023

VILLAGE OF HUNTING VALLEY  
CUYAHOGA COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2021 AND 2020

FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

Financial Reporting – Earnings on Investments

FINDING NUMBER 2021-001

**Material Weakness**

In our engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs A14 & A16.

General Fund Cash Fund Balance and Earnings on Investments were overstated by \$367,594, in the 2020 financial statements, which was due to the improper posting of individual investment income transactions and the subsequent incomplete correction of the errors. This overstatement error was conveyed to management and subsequently corrected on the revised financial statements and in the accounting system in 2021.

This weakness resulted in the financial statements being materially misstated and could lead to further financial statement or footnote misstatements, potential fraud and/or noncompliance with the Ohio Revised Code.

**Official's Response:**

During the audit period the Village made significant revisions to its accounting practices accounting for investments on a monthly basis. These revisions will more accurately reflect the Village's monthly investments on a book value basis, as well as ensure stronger internal controls are in place to make certain investments are accounted for accurately. These revisions include working with the investment company (Alliance Bernstein) to revise the format of monthly statements provided to the Village. The monthly statements now clearly reflect the monthly book value of investments and can be tied to the Village's financial records monthly. The Village has also changed the manner in which it accounts for monthly income and investment management fee expenses. In the past, these revenues were posted at net. The Village now accounts for the monthly revenues at gross, as well as investment management fee expenses at gross.

# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF HUNTING VALLEY**

**CUYAHOGA COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 3/9/2023**

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

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)