



**Mary Taylor, CPA**  
Auditor of State



**VILLAGE OF HUNTING VALLEY  
CUYAHOGA COUNTY  
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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

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

To the Village Council:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Village of Hunting Valley, Cuyahoga County, Ohio (the Village), as of and for the years ended December 31, 2009 and 2008, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

As discussed in Note 2, the accompanying financial statements and notes follow the modified cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Village of Hunting Valley, Cuyahoga County, Ohio, as of December 31, 2009 and 2008, and the respective changes in modified cash financial position and the respective budgetary comparison for the General Fund thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 2, 2010 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

**Mary Taylor, CPA**  
Auditor of State

August 2, 2010

Village of Hunting Valley  
Management's Discussion and Analysis  
For the Years Ended December 31, 2009 and 2008  
Unaudited

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This discussion and analysis of the financial performance of the Village of Hunting Valley, Cuyahoga County, Ohio (the Village) provides an overall review of the Village's financial activities for the years ended December 31, 2009 and 2008 within the limitations of the Village's modified cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Village's financial performance.

### **Highlights**

Key highlights are as follows:

In 2009 and 2008, net assets of governmental activities decreased \$244,921, or 1.56% and \$2,535,398 or 13.93%, respectively. The Village's general receipts are primarily proceeds of notes, intergovernmental receipts, interest, and property taxes. Levels of revenue and disbursement were consistent in 2009 and 2008 except intergovernmental receipts and capital outlay. In 2008, governmental receipts included \$2,366,648 from the City of Cleveland Water Department for the replacement of the Daisy Hill water mains and expenditures of \$1,514,677 on construction of those water mains. In addition, the Village purchased approximately 22 acres of land on Chagrin River Road for \$1,913,157. The Daisy Hill water main project was essentially completed in early 2009 with the remaining funds spent during the first half of the year. In 2009, the Village borrowed \$2,250,000 and received \$873,329 from the City of Cleveland Water Department in order to finance the construction of water mains on Route 87, County Line Rd, Fairmount Blvd. and Chagrin River Rd. Construction began in the fourth quarter of 2009 and has been essentially completed in 2010. In 2009, spending on those water mains amounted to \$1,138,380.

### **Using the Basic Financial Statements**

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

#### **Report Components**

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

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

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

#### **Basis of Accounting**

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

Village of Hunting Valley  
Management's Discussion and Analysis  
For the Years Ended December 31, 2009 and 2008  
Unaudited  
(Continued)

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

**Reporting the Village as a Whole**

The statement of net assets and the statement of activities reflect how the Village performed financially during 2009 and 2008, within the limitations of modified cash basis accounting. The statements of net assets present the cash balances and investments of the governmental activities of the Village at the end of each year. The statements of activities compare cash disbursements with program receipts for each governmental program. Program cash receipts include charges paid by the recipient of the program's services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Village's general receipts.

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

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

Governmental activities. Most of the Village's basic services are reported here. These include safety, streets, infrastructure and parks. State grants and property taxes normally finance most of these activities. In 2009 and 2008, grants from the City of Cleveland Water Department were supplemental sources of funds for infrastructure. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

**Reporting the Village's Most Significant Funds**

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

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



Village of Hunting Valley  
Management's Discussion and Analysis  
For the Years Ended December 31, 2009 and 2008  
Unaudited  
(Continued)

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The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements. We describe this relationship in reconciliations presented with the governmental fund financial statements.

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

**The Village as a Whole**

Table 1 provides a summary of the Village's net assets for 2009 and 2008 compared to 2007 on a modified cash basis:

	Governmental Activities		
	2009	2008	2007
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$10,185,192	\$12,065,054	\$9,753,461
Investments	5,238,682	3,603,741	8,450,732
Total Assets	<u>\$15,423,874</u>	<u>\$15,668,795</u>	<u>\$18,204,193</u>
<b>Net Assets</b>			
Restricted for:			
Debt Service	\$2,254,913	\$703	\$3,823
Other Purposes	772	4,006	12,972
Unrestricted	13,168,189	15,664,086	18,187,398
Total Net Assets	<u>\$15,423,874</u>	<u>\$15,668,795</u>	<u>\$18,204,193</u>

As mentioned previously, net assets of governmental activities decreased \$244,921 or 1.56% during 2009. The primary reason for the decrease in net assets was the relationship between funds received or borrowed for the construction of water mains. Similarly, net assets from governmental activities decreased \$2,535,398 or 13.93% in 2008 due mainly to the relationship between receipts and spending on the Daisy Hill water mains and the purchase of approximately 22 acres of land on Chagrin River Road.

Village of Hunting Valley  
Management's Discussion and Analysis  
For the Years Ended December 31, 2009 and 2008  
Unaudited  
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Table 2 reflects components of the changes in net assets in 2009 and 2008.

(Table 2)  
**Changes in Net Assets**

	Governmental Activities		
	2009	2008	2007
Receipts:			
Program Receipts:			
Charges for Services and Sales	\$118,093	\$134,045	\$127,558
Operating Grants and Contributions	42,206	43,105	38,422
Capital Grants and Contributions	873,329	2,366,648	0
Total Program Receipts	<u>1,033,628</u>	<u>2,543,798</u>	<u>165,980</u>
General Receipts:			
Property and Other Local Taxes	647,246	631,360	643,017
Income Taxes	5	0	0
Grants and Entitlements Not Restricted to Specific Programs	1,094,343	1,279,188	1,228,310
Interest	525,064	580,350	1,035,218
Notes Issued, including premium	6,017,210	4,003,880	4,252,890
Miscellaneous	124,667	120,473	182,736
Total General Receipts	<u>8,408,535</u>	<u>6,615,251</u>	<u>7,342,171</u>
Total Receipts	<u>9,442,163</u>	<u>9,159,049</u>	<u>7,508,151</u>
Disbursements:			
General Government	662,307	686,043	685,724
Security of Persons and Property	1,586,094	1,516,360	1,363,563
Public Health Services	772	1,800	1,911
Community Environment	231,125	224,120	187,843
Basic Utilities	121,575	91,724	20,790
Transportation	675,043	772,726	478,861
Capital Outlay	2,310,168	3,976,361	287,842
Principal Retirement	4,000,000	4,250,000	4,500,000
Interest and Fiscal Charges	100,000	175,313	191,250
Total Disbursements	<u>9,687,084</u>	<u>11,694,447</u>	<u>7,717,784</u>
Increase (Decrease) in Net Assets	(244,921)	(2,535,398)	(209,633)
Net Assets, beginning of year	15,668,795	18,204,193	18,413,826
Net Assets, end of year	<u>\$15,423,874</u>	<u>\$15,668,795</u>	<u>\$18,204,193</u>

Program receipts represent just 10.95% in 2009 and 27.77% in 2008 of total receipts. They are primarily comprised of capital grants, restricted intergovernmental receipts such as motor vehicle license and gas tax money, snowplowing fees, building permits and inspection fees.

General receipts represent 89.05% in 2009 and 72.23% in 2008 of the Village's total receipts, and of those amounts only 7.70% in 2009 and 9.54% in 2008 are local taxes. Unrestricted state grants and entitlements, investment income and proceeds from notes issued constitute the remainder of the Village's general receipts. Other receipts are insignificant revenue sources for the Village.

Village of Hunting Valley  
Management's Discussion and Analysis  
For the Years Ended December 31, 2009 and 2008  
Unaudited  
(Continued)

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

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

**Governmental Activities**

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

(Table 3)  
**Governmental Activities**

	Total Cost of Services 2009	Net Cost of Services 2009	Total Cost of Services 2008	Net Cost of Services 2008
General Government	\$662,307	\$662,307	\$686,043	\$686,043
Security of Persons and Property	1,586,094	1,581,493	1,516,360	1,511,599
Public Health Services	772	772	1,800	1,800
Community Environment	231,125	173,314	224,120	145,051
Basic Utilities	121,575	121,575	91,724	91,724
Transportation	675,043	577,156	772,726	679,406
Capital Outlay	2,310,168	1,436,839	3,976,361	1,609,713
Principal Retirement	4,000,000	4,000,000	4,250,000	4,250,000
Interest and Fiscal Charges	100,000	100,000	175,313	175,313
<b>Total Expenses</b>	<b>\$9,687,084</b>	<b>\$8,653,456</b>	<b>\$11,694,447</b>	<b>\$9,150,649</b>

The dependence upon revenue sources other than program cash receipts is apparent as the portion of total governmental activities supported by general receipts for 2009 was 86.8% and for 2008 was 56.57%. Excluding capital outlays, these portions rise to over 97.9% and 97.7% respectively.

**The Village's Funds**

In 2009, total governmental funds had receipts of \$3,424,953 and other financing sources of \$6,017,210, and disbursements of \$9,687,084. In 2008, total governmental funds had receipts of \$5,155,199 and other financing sources of \$4,003,880, and disbursements of \$11,694,447. The activity in governmental funds occurred mostly within the General Fund and the Debt Service fund in both 2009 and 2008. In 2009, the fund balance of the General Fund decreased \$2,495,897 as the result of capital outlays, reduced interest income and certain intergovernmental receipts. In 2008, the fund balance of the General Fund decreased \$2,523,312 for similar reasons.

Village of Hunting Valley  
Management's Discussion and Analysis  
For the Years Ended December 31, 2009 and 2008  
Unaudited  
(Continued)

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**General Fund Budgeting Highlights**

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

During 2009 and 2008, the Village did not amend its General Fund budget. In 2009, actual receipts were 32.44% above final budgeted receipts due to the timing of a grant from the Cleveland Water Department. In 2008, actual receipts were 15.18% above final budgeted receipts for the same reason.

In 2009, final disbursements were budgeted at \$15,100,000 while actual disbursements were \$5,841,963. In 2008, final disbursements were budgeted at \$10,600,000 and actual disbursements were \$7,598,480. It is Village policy to appropriate (budget) aggressively to provide for all contingencies. It controls its spending by, on a monthly basis, comparing expenses to an operating budget.

**Capital Assets and Debt Administration**

**Capital Assets**

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

**Debt**

At December 31, 2009, the Village's outstanding debt included \$3,750,000 in bond anticipation notes issued for construction of a Village Hall in 2002 and \$2,250,000 in bond anticipation notes issued for the construction of water mains within the Village in 2009. At December 31, 2008, the Village's outstanding debt included \$4,000,000 in bond anticipation notes issued for construction of a Village Hall in 2002. For further information regarding the Village's debt, refer to Note 9 to the basic financial statements.

**Current Issues**

The Village is fortunate to have sufficient reserves to contribute to its annual spending for operations, infrastructure and other capital assets. It considers land conservation investments when opportunities within the Village arise. The Village has continued to study its infrastructure, particularly municipal water distribution and roads. With the water main projects it completed in 2008, 2009 and early 2010, the Village's infrastructure focus has turned to road improvements, particularly Fairmount Blvd., preliminarily planned for 2011 and beyond.

**Contacting the Village's Financial Management**

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

**Village of Hunting Valley, Cuyahoga County**  
*Statement of Net Assets - Modified Cash Basis*  
*December 31, 2009*

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	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$10,185,192
Investments	<u>5,238,682</u>
<i>Total Assets</i>	<u><u>\$15,423,874</u></u>
<b>Net Assets</b>	
Restricted for:	
Debt Service	\$2,254,913
Other Purposes	772
Unrestricted	<u>13,168,189</u>
<i>Total Net Assets</i>	<u><u>\$15,423,874</u></u>

See accompanying notes to the basic financial statements

**Village of Hunting Valley, Cuyahoga County**  
*Statement of Activities - Modified Cash Basis*  
*For the Year Ended December 31, 2009*

	Program Cash Receipts				Net (Disbursements)
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Receipts and Changes in Net Assets
					Total Governmental Activities
<b>Governmental Activities</b>					
General Government	\$662,307	\$0	\$0	\$0	(\$662,307)
Security of Persons and Property	1,586,094	0	4,601	0	(1,581,493)
Public Health Services	772	0	0	0	(772)
Community Environment	231,125	57,811	0	0	(173,314)
Basic Utility Services	121,575	0	0	0	(121,575)
Transportation	675,043	60,282	37,605	0	(577,156)
Capital Outlay	2,310,168	0	0	873,329	(1,436,839)
Redemption of Principal	4,000,000	0	0	0	(4,000,000)
Interest and Fiscal Charges	100,000	0	0	0	(100,000)
<i>Total Governmental Activities</i>	<u>\$9,687,084</u>	<u>\$118,093</u>	<u>\$42,206</u>	<u>\$873,329</u>	<u>(8,653,456)</u>
		<b>General Receipts</b>			
		Property Taxes Levied for:			
					610,565
					36,681
					5
					1,094,343
					6,000,000
					17,210
					525,064
					124,667
					<i>Total General Receipts</i> 8,408,535
					(244,921)
					<i>Net Assets, Beginning of Year</i> 15,668,795
					<i>Net Assets, End of Year</i> \$15,423,874

See accompanying notes to the basic financial statements

**Village of Hunting Valley, Cuyahoga County**  
*Statement of Modified Cash Basis Assets and Fund Balances*  
*Governmental Funds*  
*December 31, 2009*

	General	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$7,929,507	\$2,254,913	\$772	\$10,185,192
Investments	5,238,682	0	0	5,238,682
<i>Total Assets</i>	<u>\$13,168,189</u>	<u>\$2,254,913</u>	<u>\$772</u>	<u>\$15,423,874</u>
<b>Fund Balances</b>				
Unreserved:				
Undesignated (Deficit), Reported in:				
General Fund	\$13,168,189	\$0	\$0	\$13,168,189
Special Revenue Funds	0	0	772	772
Debt Service Fund	0	2,254,913	0	2,254,913
<i>Total Fund Balances</i>	<u>\$13,168,189</u>	<u>\$2,254,913</u>	<u>\$772</u>	<u>\$15,423,874</u>

See accompanying notes to the basic financial statements

**Village of Hunting Valley, Cuyahoga County**  
*Reconciliation of Total Governmental Fund Balances to  
Net Assets of Governmental Activities  
December 31, 2009*

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<b>Total Governmental Fund Balances</b>	<u>\$15,423,874</u>
<i>Net Assets of Governmental Activities</i>	<u>\$15,423,874</u>

See accompanying notes to the basic financial statements



**Village of Hunting Valley, Cuyahoga County**  
*Statement of Cash Receipts, Disbursements and Changes in Modified-Cash Basis Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2009*

	General	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>				
Municipal Income Taxes	\$5	\$0	\$0	\$5
Property and Other Local Taxes	610,565	0	36,681	647,246
Charges for Services	60,282	0	0	60,282
Fines, Licenses and Permits	57,811	0	0	57,811
Intergovernmental	1,967,672	0	42,206	2,009,878
Interest	525,064	0	0	525,064
Miscellaneous	124,667	0	0	124,667
<i>Total Receipts</i>	<u>3,346,066</u>	<u>0</u>	<u>78,887</u>	<u>3,424,953</u>
<b>Disbursements</b>				
Current:				
General Government	662,307	0	0	662,307
Security of Persons and Property	1,544,812	0	41,282	1,586,094
Public Health Services	772	0	0	772
Community Environment	231,125	0	0	231,125
Basic Utility Services	121,575	0	0	121,575
Transportation	634,204	0	40,839	675,043
Capital Outlay	2,310,168	0	0	2,310,168
Debt Service:				
Principal Retirement	0	4,000,000	0	4,000,000
Interest and Fiscal Charges	100,000	0	0	100,000
<i>Total Disbursements</i>	<u>5,604,963</u>	<u>4,000,000</u>	<u>82,121</u>	<u>9,687,084</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(2,258,897)</u>	<u>(4,000,000)</u>	<u>(3,234)</u>	<u>(6,262,131)</u>
<b>Other Financing Sources (Uses)</b>				
Notes Issued	0	6,000,000	0	6,000,000
Premium (Discount) on Debt Issue	0	17,210	0	17,210
Transfers In	0	237,000	0	237,000
Transfers Out	(237,000)	0	0	(237,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(237,000)</u>	<u>6,254,210</u>	<u>0</u>	<u>6,017,210</u>
<i>Net Change in Fund Balances</i>	<u>(2,495,897)</u>	<u>2,254,210</u>	<u>(3,234)</u>	<u>(244,921)</u>
<i>Fund Balances, Beginning of Year</i>	<u>15,664,086</u>	<u>703</u>	<u>4,006</u>	<u>15,668,795</u>
<i>Fund Balances, End of Year</i>	<u>\$13,168,189</u>	<u>\$2,254,913</u>	<u>\$772</u>	<u>\$15,423,874</u>

See accompanying notes to the basic financial statements

**VILLAGE OF HUNTING VALLEY, CUYAHOGA COUNTY**  
*Reconciliation of the Statement of Cash Receipts, Disbursements and Changes  
in Modified Cash Fund Balances of Governmental Funds to the Statement of Activities  
For the Fiscal Year Ended December 31, 2009*

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<b>Net Change in Fund Balances - Total Governmental Funds</b>	<u>(\$244,921)</u>
<i>Change in Net Assets of Governmental Activities</i>	<u><u>(\$244,921)</u></u>

See accompanying notes to the basic financial statements

**Village of Hunting Valley, Cuyahoga County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -Budget Basis*  
*General Fund*  
*For the Year Ended December 31, 2009*

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	
<b>Receipts</b>			
Municipal Income Taxes	\$0	\$0	\$5
Property and Other Local Taxes	708,100	708,100	610,565
Charges for Services	59,000	59,000	60,282
Fines, Licenses and Permits	79,000	79,000	57,811
Intergovernmental	844,000	844,000	1,967,672
Interest	450,000	450,000	525,064
Miscellaneous	386,200	386,200	124,667
<i>Total receipts</i>	<u>2,526,300</u>	<u>2,526,300</u>	<u>3,346,066</u>
<b>Disbursements</b>			
Current:			
General Government	2,000,000	2,000,000	662,307
Security of Persons and Property	1,840,000	1,840,000	1,544,812
Public Health Services	25,000	25,000	772
Community Environment	875,000	875,000	231,125
Basic Utility Services	125,000	125,000	121,575
Transportation	775,000	775,000	634,204
Capital Outlay	9,110,000	9,110,000	2,310,168
Debt Service:			
Interest and Fiscal Charges	100,000	100,000	100,000
<i>Total Disbursements</i>	<u>14,850,000</u>	<u>14,850,000</u>	<u>5,604,963</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(12,323,700)</u>	<u>(12,323,700)</u>	<u>(2,258,897)</u>
<b>Other Financing Sources (Uses)</b>			
Transfers Out	(250,000)	(250,000)	(237,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(250,000)</u>	<u>(250,000)</u>	<u>(237,000)</u>
<i>Net Change in Fund Balance</i>	(12,573,700)	(12,573,700)	(2,495,897)
<i>Fund Balance, Beginning of Year</i>	<u>15,664,086</u>	<u>15,664,086</u>	<u>15,664,086</u>
<i>Fund Balance, End of Year</i>	<u>\$3,090,386</u>	<u>\$3,090,386</u>	<u>\$13,168,189</u>

See accompanying notes to the basic financial statements

**Village of Hunting Valley, Cuyahoga County**  
*Statement of Fiduciary Net Assets - Modified Cash Basis*  
*Fiduciary Funds*  
*December 31, 2009*

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	<u>Agency</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$151,700
<i>Total Assets</i>	<u>\$151,700</u>
<b>Net Assets</b>	
Unrestricted	<u>\$151,700</u>

See accompanying notes to the basic financial statements

**Village of Hunting Valley, Cuyahoga County**  
*Statement of Net Assets - Modified Cash Basis*  
*December 31, 2008*

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	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$12,065,054
Investments	<u>3,603,741</u>
<i>Total Assets</i>	<u><u>\$15,668,795</u></u>
<b>Net Assets</b>	
Restricted for:	
Debt Service	\$703
Other Purposes	4,006
Unrestricted	<u>15,664,086</u>
<i>Total Net Assets</i>	<u><u>\$15,668,795</u></u>

See accompanying notes to the basic financial statements

**Village of Hunting Valley, Cuyahoga County**  
*Statement of Activities - Modified Cash Basis*  
For the Year Ended December 31, 2008

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges	Operating		Total
		Charges for Services and Sales	Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>					
General Government	\$686,043	\$0	\$0	\$0	(\$686,043)
Security of Persons and Property	1,516,360	0	4,761	0	(1,511,599)
Public Health Services	1,800	0	0	0	(1,800)
Community Environment	224,120	79,069	0	0	(145,051)
Basic Utility Services	91,724	0	0	0	(91,724)
Transportation	772,726	54,976	38,344	0	(679,406)
Capital Outlay	3,976,361	0	0	2,366,648	(1,609,713)
Redemption of Principal	4,250,000	0	0	0	(4,250,000)
Interest and Fiscal Charges	175,313	0	0	0	(175,313)
<i>Total Governmental Activities</i>	<u>\$11,694,447</u>	<u>\$134,045</u>	<u>\$43,105</u>	<u>\$2,366,648</u>	<u>(9,150,649)</u>
<b>General Receipts</b>					
Property Taxes Levied for:					
					594,464
					36,896
					1,279,188
					4,000,000
					3,880
					580,350
					120,473
					<u>6,615,251</u>
					(2,535,398)
					<u>18,204,193</u>
					<u>\$15,668,795</u>

See accompanying notes to the basic financial statements

**Village of Hunting Valley, Cuyahoga County**  
*Statement of Modified Cash Basis Assets and Fund Balances*  
*Governmental Funds*  
*December 31, 2008*

	General	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$12,060,345	\$703	\$4,006	\$12,065,054
Investments	3,603,741	0	0	3,603,741
<i>Total Assets</i>	<u>\$15,664,086</u>	<u>\$703</u>	<u>\$4,006</u>	<u>\$15,668,795</u>
<b>Fund Balances</b>				
Unreserved:				
Undesignated (Deficit), Reported in:				
General Fund	\$15,664,086	\$0	\$0	\$15,664,086
Special Revenue Funds	0	0	4,006	4,006
Debt Service Fund	0	703	0	703
<i>Total Fund Balances</i>	<u>\$15,664,086</u>	<u>\$703</u>	<u>\$4,006</u>	<u>\$15,668,795</u>

See accompanying notes to the basic financial statements

**Village of Hunting Valley, Cuyahoga County**  
*Reconciliation of Total Governmental Fund Balances to  
Net Assets of Governmental Activities  
December 31, 2008*

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<b>Total Governmental Fund Balances</b>	<u>\$15,668,795</u>
<i>Net Assets of Governmental Activities</i>	<u>\$15,668,795</u>

See accompanying notes to the basic financial statements



**Village of Hunting Valley, Cuyahoga County**  
*Statement of Cash Receipts, Disbursements and Changes in Modified-Cash Basis Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2008*

	General	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>				
Property and Other Local Taxes	\$594,464	\$0	\$36,896	\$631,360
Charges for Services	54,976	0	0	54,976
Fines, Licenses and Permits	79,069	0	0	79,069
Intergovernmental	3,645,836	0	43,105	3,688,941
Interest	580,350	0	0	580,350
Miscellaneous	120,473	0	0	120,473
<i>Total Receipts</i>	<u>5,075,168</u>	<u>0</u>	<u>80,001</u>	<u>5,155,169</u>
<b>Disbursements</b>				
Current:				
General Government	686,043	0	0	686,043
Security of Persons and Property	1,467,152	0	49,208	1,516,360
Public Health Services	1,800	0	0	1,800
Community Environment	224,120	0	0	224,120
Basic Utility Services	91,724	0	0	91,724
Transportation	732,967	0	39,759	772,726
Capital Outlay	3,976,361	0	0	3,976,361
Debt Service:				
Principal Retirement	0	4,250,000	0	4,250,000
Interest and Fiscal Charges	175,313	0	0	175,313
<i>Total Disbursements</i>	<u>7,355,480</u>	<u>4,250,000</u>	<u>88,967</u>	<u>11,694,447</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(2,280,312)</u>	<u>(4,250,000)</u>	<u>(8,966)</u>	<u>(6,539,278)</u>
<b>Other Financing Sources (Uses)</b>				
Notes Issued	0	4,000,000	0	4,000,000
Premium (Discount) on Debt Issue	0	3,880	0	3,880
Transfers In	0	243,000	0	243,000
Transfers Out	(243,000)	0	0	(243,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(243,000)</u>	<u>4,246,880</u>	<u>0</u>	<u>4,003,880</u>
<i>Net Change in Fund Balances</i>	(2,523,312)	(3,120)	(8,966)	(2,535,398)
<i>Fund Balances, Beginning of Year</i>	<u>18,187,398</u>	<u>3,823</u>	<u>12,972</u>	<u>18,204,193</u>
<i>Fund Balances, End of Year</i>	<u>\$15,664,086</u>	<u>\$703</u>	<u>\$4,006</u>	<u>\$15,668,795</u>

See accompanying notes to the basic financial statements

**VILLAGE OF HUNTING VALLEY, CUYAHOGA COUNTY**  
*Reconciliation of the Statement of Cash Receipts, Disbursements and Changes  
in Modified Cash Fund Balances of Governmental Funds to the Statement of Activities  
For the Fiscal Year Ended December 31, 2008*

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**Net Change in Fund Balances - Total Governmental Funds** (\$2,535,398)

*Change in Net Assets of Governmental Activities* (\$2,535,398)

See accompanying notes to the basic financial statements

**Village of Hunting Valley, Cuyahoga County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -Budget Basis*  
*General Fund*  
*For the Year Ended December 31, 2008*

	Budgeted Amounts		Actual
	Original	Final	
<b>Receipts</b>			
Property and Other Local Taxes	\$696,600	\$696,600	\$594,464
Charges for Services	56,000	56,000	54,976
Fines, Licenses and Permits	83,000	83,000	79,069
Intergovernmental	2,778,000	2,778,000	3,645,836
Interest	640,000	640,000	580,350
Miscellaneous	152,600	152,600	120,473
<i>Total receipts</i>	<u>4,406,200</u>	<u>4,406,200</u>	<u>5,075,168</u>
<b>Disbursements</b>			
Current:			
General Government	850,000	850,000	686,043
Security of Persons and Property	2,340,000	2,340,000	1,467,152
Public Health Services	25,000	25,000	1,800
Community Environment	300,000	300,000	224,120
Basic Utility Services	120,000	120,000	91,724
Transportation	680,000	680,000	732,967
Capital Outlay	5,859,000	5,859,000	3,976,361
Debt Service:			
Interest and Fiscal Charges	176,000	176,000	175,313
	-		
<i>Total Disbursements</i>	<u>10,350,000</u>	<u>10,350,000</u>	<u>7,355,480</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(5,943,800)</u>	<u>(5,943,800)</u>	<u>(2,280,312)</u>
<b>Other Financing Sources (Uses)</b>			
Transfers Out	(250,000)	(250,000)	(243,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(250,000)</u>	<u>(250,000)</u>	<u>(243,000)</u>
<i>Net Change in Fund Balance</i>	(6,193,800)	(6,193,800)	(2,523,312)
<i>Fund Balance, Beginning of Year</i>	<u>18,187,398</u>	<u>18,187,398</u>	<u>18,187,398</u>
<i>Fund Balance, End of Year</i>	<u>\$11,993,598</u>	<u>\$11,993,598</u>	<u>\$15,664,086</u>

See accompanying notes to the basic financial statements

**Village of Hunting Valley, Cuyahoga County**  
*Statement of Fiduciary Net Assets - Modified Cash Basis*  
*Fiduciary Funds*  
*December 31, 2008*

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	<u>Agency</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$187,007</u>
<i>Total Assets</i>	<u><u>\$187,007</u></u>
<b>Net Assets</b>	
Unrestricted	<u><u>\$187,007</u></u>

See accompanying notes to the basic financial statements

The Village of Hunting Valley  
Notes to the Financial Statements  
For the Years Ended December 31, 2009 and 2008

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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. The Village is directed by a six-member Council elected at large for four year terms. The Mayor is elected to a four-year term, serves as the President of Council and votes only to break a tie.

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

**A. Primary Government**

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

**B. Component Units**

Component units are legally separate organizations for which the Village is financially accountable. The Village is financially accountable for an organization if the Village appoints a voting majority of the organization's governing board and (1) the Village is able to significantly influence the programs or services performed or provided by the organization; or (2) the Village is legally entitled to or can otherwise access the organization's resources; the Village is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Village is obligated for the debt of the organization. The Village is also financially accountable for any organizations that are fiscally dependent on the Village in that the Village approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Village, are accessible to the Village and are significant in amount to the Village. The Village has no component units.

**C. Jointly Governed Organizations**

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

These jointly governed organizations are:

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

Valley Enforcement Regional Council of Governments (VERCOG): VERCOG is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. VERCOG was formed to continue to foster cooperation among political subdivisions through sharing of facilities for their common benefit. It includes the supervision and control of the Valley Enforcement Group (VEG), which has been a mutual aid organization providing the mutual interchange and sharing of police personnel and police equipment.

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

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

As discussed further in Note 2.C, these financial statements are presented on a modified cash basis of accounting. This modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the modified cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the modified cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The Village had no Enterprise Funds. Following are the more significant of the Village's accounting policies.

**A. Basis of Presentation**

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

**Government-Wide Financial Statements**

The statement of net assets and the statement of activities display information about the Village as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the Village that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions.

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

**Fund Financial Statements**

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

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

**B. Fund Accounting**

The Village uses fund accounting 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. Funds are used to segregate resources that are restricted as to use. The funds of the Village are divided into two categories, governmental and fiduciary.

**Governmental Funds**

The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Village's major governmental funds are the General and the Debt Service Funds. The General Fund is used to account for all financial resources, except those required to be accounted for 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. The Debt Service Fund receives proceeds of Bond Anticipation Notes sold and disburses payment for maturing Bond Anticipation Notes. The other governmental funds of the Village account for grants and other resources whose use is restricted to a particular purpose.

**Fiduciary Funds**

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. The Village has no trust funds. Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village's agency funds include the Construction Guarantee Deposit Fund, the Tower Deposit Fund and the Miscellaneous Deposit Fund.

**C. Basis of Accounting**

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

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

**D. Budgetary Process**

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

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

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

**D. Budgetary Process** (continued)

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

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

**E. Cash and Investments**

Village records identify the purchase of specific investments by specific funds.

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

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

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

During 2009 and 2008, the Village invested in nonnegotiable certificates of deposit, money market funds, municipal bond anticipation notes and federal agency securities. The nonnegotiable certificates of deposit are reported at cost. The Village’s money market fund investment is recorded at the amounts reported by Charter One Bank N.A. and Huntington National Bank at December 31, 2009 and by Charter One Bank N.A., Huntington National Bank and Fifth Third Bank at December 31, 2008.

Interest earnings are allocated to Village funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2009 was \$525,064 which includes an immaterial amount assigned from other Village funds. Interest receipts credited to the General Fund during 2008 was \$580,350 which includes an immaterial amount assigned from other Village funds.

**F. Restricted Assets**

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation.



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

G. Inventory and Prepaid Items

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

H. Capital Assets

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

I. Interfund Receivables/Payables

The Village reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements. The Village had no advances during 2009 or 2008.

J. Accumulated Leave

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

K. Employer Contributions to Cost-Sharing Pension Plans

The Village recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions are allocated between pension benefits and postretirement healthcare benefits.

L. Long-Term Obligations

The Village's modified cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure are reported at inception. Lease payments are reported when paid.

M. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Village had no restricted net assets in 2009 or 2008.

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

N. Fund Balance Reserves

The Village reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. The Village had no such designations in 2009 or 2008. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. No fund balance reserves have been established in 2009 or 2008.

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

**O. Interfund Transactions**

Transfers between governmental activities on the government-wide financial statements are reported in the same manner as general receipts.

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

**Note 3 – Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. Any differences between the budgetary basis and the modified cash basis are outstanding year end encumbrances which are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (modified cash basis) (and outstanding year end advances are treated as an other financing source or use (budgetary basis) rather than as an interfund receivable or payable (modified cash basis)). There were no encumbrances outstanding at the year-end 2009 or 2008.

**Note 4 – Deposits and Investments**

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States; Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation;

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

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

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Village, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

At year end 2009 and 2008, the Village had no un-deposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents"

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Village will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end 2009, \$7,911,341 of the Village's bank balance of \$10,401,308, and at year end 2008, \$11,512,243 of the Village's bank balance of \$12,500,538, was exposed to custodial credit risk. These amounts were exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Village's name.

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

The Village of Hunting Valley  
Notes to the Financial Statements  
For the Years Ended December 31, 2009 and 2008

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

Investments

As of December 31, 2009, the Village had the following investments:

Investment Type	Carrying Value	Investment Maturities (in Years)			
		Less than 1	1-2	3-5	More than 5
FHLMC	\$1,000,000	\$0	\$0	\$1,000,000	\$0
FHLMC	29,450	0	0	0	29,450
Municipal Bond Anticipation Note	1,504,335	1,504,335	0	0	0
GNMA	36,418	0	0	0	36,418
Repurchase Agreement – Sweep Account	2,668,479	2,668,479	0	0	0
<b>Total Investments</b>	<b>\$5,238,682</b>	<b>\$4,172,814</b>	<b>\$0</b>	<b>\$1,000,000</b>	<b>\$65,868</b>

As of December 31, 2008, the Village had the following investments:

Investment Type	Carrying Value	Investment Maturities (in Years)			
		Less than 1	1-2	3-5	More than 5
FHLB	\$2,032,229	\$0	\$0	\$2,032,229	\$0
FHLMC	39,736	0	0	0	39,736
GNMA	98,594	0	0	0	98,594
Repurchase Agreement – Sweep Account	1,433,182	1,433,182	0	0	0
<b>Total Investments</b>	<b>\$3,603,741</b>	<b>\$1,433,182</b>	<b>\$0</b>	<b>\$2,032,229</b>	<b>\$138,330</b>

Interest rate risk arises because the fair value of investments changes as interest rates change. The Village's investment policy addresses interest rate risk by requiring that the Village's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding that need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

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

*Concentration of Risk:* The Village places no limit on the amount that may be invested in any one issuer. In Fiscal Year 2009, the Villages investments included FHLMC, Municipal Bond, GNMA, and a repurchase agreement, which represents 19.7%, 28.7%, 0.7%, and 50.9%. In Fiscal Year 2008, the Villages investments included FHLB, FHLMC, GNMA, and repurchase agreement, which represents 56.4%, 1.1%, 2.7%, and 39.8% for 08.

The Village of Hunting Valley  
Notes to the Financial Statements  
For the Years Ended December 31, 2009 and 2008

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**Note 5 – Property Taxes**

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Village. Property tax receipts received in 2009 and 2008 for real and public utility property taxes represents collections of the 2008 and 2007 taxes, respectively. Property tax payments received during 2009 and 2008 for tangible personal property (other than public utility property) is for 2009 and 2008 taxes, respectively.

2009 and 2008 real property taxes are levied after October 1, 2009 and 2008, respectively on the assessed values as of January 1, 2009 and 2008, respectively, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. 2009 and 2008 real property taxes are collected in and intended to finance 2010 and 2009, respectively.

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

Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2009 and 2008 public utility property taxes which became a lien on December 31, 2008 and December 31, 2007, respectively, are levied after October 1, 2009 and October 1, 2008 respectively, and are collected in 2010 and 2009, respectively with real property taxes.

2008 tangible property taxes are levied after October 1, 2007, on the value as of December 31, 2007. Collections are made in 2008. Tangible personal property assessments were phased out in 2009, the assessment percentage for all property including inventory for 2008 was 6.25 percent. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 3, with the remainder due September 20.

The full tax rate for all Village operations for the years ended December 31, 2009 and December 31, 2008, was \$5.10 per \$1,000 of assessed value. The assessed values of real and personal property upon which 2009 and 2008 property tax receipts were based are as follows:

	<u>2009</u>	<u>2008</u>
Real Property	\$141,080,530	\$139,247,420
Public Utility Property	609,770	575,050
Tangible Personal Property	161,655	234,620
Total Assessed Values	\$141,851,955	\$140,057,090

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

**Note 6 – Risk Management**

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The Village of Hunting Valley  
Notes to the Financial Statements  
For the Years Ended December 31, 2009 and 2008

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

As of December 31, 2009, the Village had contracted with several companies for various types of insurance coverage as follows:

Company	Type of Coverage	Amount of Coverage
Scottsdale Indemnity Company	Commercial Property Including Inland Marine	\$9,222,433
	General Liability	2,000,000
	Commercial Crime	35,000
	Vehicle	619,283
	Law Enforcement	1,000,000
	Public Officials	1,000,000
	Employment Practice	1,000,000
	Umbrella	10,000,000
American Alternative Insurance Corp.	Secondary Umbrella	4,000,000
Zurich North American Surety	Surety Bond	10,000
Federal Insurance Company	Fiduciary Liability	1,000,000

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

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

**Note 7 – Defined Benefit Pension Plans**

**A. Ohio Public Employees Retirement System**

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

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

**Note 7 – Defined Benefit Pension Plans** (continued)

A. Ohio Public Employees Retirement System (continued)

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the years ended December 31, 2009 and 2008, members in state and local classifications contributed, 10 percent of covered payroll. The Village employed no public safety members and no law enforcement members in either 2009 or 2008.

The Village's contribution rate for state and local members in 2009 and 2008 was 14.00 percent of covered payroll. For the period January 1 through March 31, 2009, a portion of the Village's contribution equal to 7.00 percent of covered payroll was allocated to fund the postemployment healthcare plan; for the period April 1 through December 31, 2009 this amount was decreased to 5.5 percent. For the period January 1 through December 31, 2008, the portion of the Village's contribution equal to 7 percent of covered payroll was allocated to fund the postemployment healthcare plan. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate of the Village of 14 percent.

The Village's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2009, 2008, and 2007 were \$91,508, \$92,128, and \$80,064, respectively. The full amount has been contributed for 2009, 2008, and 2007. There were no contributions to the member-directed plan for 2009 or 2008.

B. Ohio Police and Fire Pension Fund

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

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations. The Village's contribution was 19.5 percent for police officers. Contribution rates are established by State statute. For 2009 and 2008, a portion of the Village's contribution equal to 6.75 percent of covered payroll was allocated to fund the postemployment healthcare plan. The Village's required contributions to OP&F for the years ended December 31, 2009, 2008, and 2007 were \$156,027, \$148,708, and \$138,745. The full amount has been contributed for 2009, 2008, and 2007.

**Note 8 - Postemployment Benefits**

A. Ohio Public Employees Retirement System

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

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

**Note 8 - Postemployment Benefits** (continued)

**A. Ohio Public Employees Retirement System** (continued)

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

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

OPERS' Post Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. For 2009, the employer contribution allocated to the health care plan from January 1 through March 31, 2009 and April 1 through December 31, 2009 was 7 percent and 5.5 percent of covered payroll, respectively. In 2008, 7 percent of the covered payroll was used to fund health care. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The retirement board is also authorized to establish rules for the payment of a portion of the healthcare benefits by the retiree or retiree's surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and selected coverage.

The Village's contributions allocated to fund postemployment healthcare benefits for the years ended December 31, 2009, 2008, and 2007 were \$38,529, \$46,064, and \$31,976 respectively. The full amount has been contributed for 2009, 2008, and 2007.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) which was effective January 1, 2007. Member and employer contribution rates for state and local employers increased on January 1 of each year from 2006 to 2008 and decreased on April 1, 2009 which allowed additional funds to be allocated to the healthcare plan.

**B. Ohio Police and Fire Pension Fund**

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

OP&F provides access to postretirement healthcare coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit or is a spouse or eligible dependent child of such person. The healthcare coverage provided by OP&P meets the definition of an Other Postemployment Benefits (OPEB) as described in GASB Statement 45.

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



The Village of Hunting Valley  
Notes to the Financial Statements  
For the Years Ended December 31, 2009 and 2008

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**Note 8 - Postemployment Benefits** (continued)

**B. Ohio Police and Fire Pension Fund** (continued)

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

Funding policy – The Ohio Revised Code provides for contribution requirements of participating employers and of plan members to the OP&F (defined benefit pension plan). Participating employers are required to contribute to the pension plans at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5 percent covered payroll for police employers. The Ohio Revised Code states that employer contributions may not exceed 19.5 percent of the covered payroll for police employer units. Active members do not make contributions to the OPEB plan.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made to the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree healthcare benefits. For the years ended December 31, 2009 and 2008, the employer contribution allocated to the healthcare plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the healthcare plan each year is subject to the trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

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

The Village's contributions to OP&F which were allocated to fund post-employment healthcare benefits for police for the years ended December 31, 2009, 2008 and 2007 were, \$54,009, \$51,476 and \$48,027 respectively. The full amount has been contributed for 2009, 2008, and 2007.

**Note 9 - Notes Payable**

Bond Anticipation Notes were issued in anticipation of the issuance of bonds for the purpose of paying a portion of the cost of constructing, furnishing, equipping, improving the site of, an otherwise improving a Village Hall to house municipal offices and functions. All note proceeds had been spent at December 31, 2009. The bond anticipation notes are backed by the full faith and credit of the Village and mature within one year.

A summary of the Village note transactions for the year ended December 31, 2009, follows:

	Interest Rate	Balance December 31,2008	Additions	Reductions	Balance December 31,2009
<u>Bond Anticipation Notes</u>					
2008 Issue	2.50%	\$4,000,000	\$0	\$4,000,000	\$0
2009 Issue	1.50%	0	6,000,00	0	6,000,000
Totals		<u>\$4,000,000</u>	<u>\$6,000,000</u>	<u>\$4,000,000</u>	<u>\$6,000,000</u>

The Village of Hunting Valley  
Notes to the Financial Statements  
For the Years Ended December 31, 2009 and 2008

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**Note 9 - Notes Payable (Continued)**

A summary of the Village note transactions for the year ended December 31, 2008, follows:

	Interest Rate	Balance December 31,2007	Additions	Reductions	Balance December 31,2008
<u>Bond Anticipation Notes</u>					
2007 Issue	4.125%	\$4,250,000	\$0	\$4,250,000	\$0
2008 Issue	2.50%	0	4,000,000	0	4,000,000
Totals		<u>\$4,250,000</u>	<u>\$4,000,000</u>	<u>\$4,250,000</u>	<u>\$4,000,000</u>

Bond Anticipation Notes were issued in anticipation of the issuance of bonds for the purpose of paying a portion of the cost of improving the waterworks system in the Village. A portion of the note proceeds had been spent at December 31, 2009. The bond anticipation notes are backed by the full faith and credit of the Village and mature within one year.

**Note 10 – Interfund Transfers**

During 2009 and 2008 the following transfers were made:

	<u>2009</u>	<u>2008</u>
Transfers from the General Fund to:		
Bond Retirement Fund	\$ 237,000	\$ 243,000

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

**Note 11 – Jointly Governed Organizations**

**Northeast Ohio Public Energy Council**

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

NOPEC is governed by a General Assembly made up of one representative from each member community. The 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 2009 or 2008. Financial information can be obtained by contacting NOPEC, 31320 Solon Road Suite 20, Solon, Ohio 44139.

**Note 11 – Jointly Governed Organizations** (continued)

**Valley Enforcement Regional Council of Governments**

The Village is a member of Valley Enforcement Regional Council of Governments (VERCOG). VERCOG is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. VERCOG was formed to continue to foster cooperation among political subdivisions through sharing of facilities for their common benefit. It includes the supervision and control of the Valley Enforcement Group (VEG), a mutual aid organization providing the mutual interchange and sharing of police personnel and police equipment. VERCOG is currently comprised of fifteen communities located within the Chagrin Valley which exercise law enforcement authority under Ohio law and whose law enforcement agency consists of four (4) or more full-time, sworn law enforcement officers. VERCOG is authorized to acquire and own police equipment and other property, to be used by all participating members, and may do any other thing permitted by law to accomplish its general purposes. Participating political subdivisions appoint one 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 Alice Chance at the City of Bedford Heights, (440) 786-3223.

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# Mary Taylor, CPA

Auditor of State

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

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

To the Village Council:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Hunting Valley, Cuyahoga County, (the Village), as of and for the years ended December 31, 2009 and 2008, which collectively comprise the Village's basic financial statements and have issued our report thereon dated August 2, 2010, wherein we noted the Village uses a comprehensive accounting basis other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

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

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

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

Village of Hunting Valley  
Cuyahoga County  
Independent Accountants' Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Required by Government Auditing Standards  
Page 2

### Compliance and Other Matters

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

We did note certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated August 2, 2010.

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

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA  
Auditor of State

August 2, 2010



**Mary Taylor, CPA**  
Auditor of State

**VILLAGE OF HUNTING VALLEY**

**CUYAHOGA COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
SEPTEMBER 21, 2010**