

VILLAGE OF HUNTING VALLEY

CUYAHOGA COUNTY, OHIO

AUDIT REPORT

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014





Dave Yost • Auditor of State

Village Council
Village of Hunting Valley
38251 Fairmont Boulevard
Chagrin Falls, Ohio 44022

We have reviewed the *Independent Auditor's Report* of the Village of Hunting Valley, Cuyahoga County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2014 through December 31, 2015. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost
Auditor of State

August 5, 2016

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Village of Hunting Valley
Cuyahoga County
For the Years Ended December 31, 2015 and 2014

Table of Contents

<u>Title</u>	<u>Page</u>
Independent Auditor’s Report.....	1
Management’s Discussion and Analysis	3
Basic Financial Statements:	
Government-wide Financial Statements 2015:	
Statement of Net Position – Modified Cash Basis.....	12
Statement of Activities – Modified Cash Basis	13
Fund Financial Statements 2015:	
Statement of Assets and Fund Balances – Modified Cash Basis – Governmental Funds	14
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities – Modified Cash Basis	15
Statement of Receipts, Disbursements, and Changes in Fund Balances – Modified Cash Basis – Governmental Funds.....	16
Reconciliation of the Statement of Receipts, Disbursements and Changes in Fund Balances to the Statement of Activities – Modified Cash Basis	17
Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual – Budget Basis - General Fund	18
Statement of Fiduciary Net Position – Modified Cash Basis – Fiduciary Funds	19
Government-wide Financial Statements 2014:	
Statement of Net Position – Modified Cash Basis.....	20
Statement of Activities – Modified Cash Basis	21
Fund Financial Statements 2014:	
Statement of Assets and Fund Balances – Modified Cash Basis – Governmental Funds	22
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities – Modified Cash Basis	23
Statement of Receipts, Disbursements, and Changes in Fund Balances – Modified Cash Basis – Governmental Funds.....	24

Village of Hunting Valley
Cuyahoga County
For the Years Ended December 31, 2015 and 2014

Table of Contents (continued)

<u>Title</u>	<u>Page</u>
Fund Financial Statements 2014 (continued):	
Reconciliation of the Statement of Receipts, Disbursements and Changes in Fund Balances to the Statement of Activities – Modified Cash Basis	25
Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual – Budget Basis - General Fund	26
Statement of Fiduciary Net Position – Modified Cash Basis – Fiduciary Funds	27
Notes to the Basic Financial Statements	28
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	52

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

Report on the Financial Statements

We have audited the accompanying modified cash-basis 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, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the modified cash accounting basis Note 2 describes. This responsibility includes determining that the modified cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

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 the Village of Hunting Valley, Cuyahoga County, Ohio as of December 31, 2015 and 2014, and the respective changes in modified cash financial position and the budgetary comparison for the General fund thereof for the years then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

We draw attention to Note 2 of the financial statements, which describes the accounting basis. The financial statements are prepared on the modified cash basis of accounting, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

Emphasis of Matter

As discussed in Note 3 to the financial statements, the Village adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*. We did not modify our opinion regarding this matter.


Other Matter

Other Information

We applied no procedures to Management's Discussion & Analysis as listed in the table of contents. Accordingly, we express no opinion or any other assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 30, 2016, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Charles E. Harris & Associates, Inc.
May 30, 2016

Village of Hunting Valley
Management's Discussion and Analysis
For the Years Ended December 31, 2015 and 2014
Unaudited

This discussion and analysis of the financial performance of the Village of Hunting Valley, Cuyahoga County, Ohio (the Village) provides an overall review of the Village's financial activities for the years ended December 31, 2015 and 2014 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 2015 the net position of governmental activities decreased \$5,334,893 or 7.6% and in 2014, decreased \$2,234,499, or 3.1%. Village general receipts are primarily proceeds of notes, intergovernmental receipts, interest, and property taxes. Levels of receipts and disbursements were consistent in 2015 and 2014 except intergovernmental receipts and capital outlay. General intergovernmental receipts in 2015 were \$110,288 and included a small estate tax refund while general intergovernmental receipts in 2014 were \$472,431 including estate taxes of \$362,874. Capital outlay in 2015 was \$3,692,801 and included two land purchases for conservation purposes and a road rehabilitation project. Capital outlay, primarily for roads in 2014 was \$1,167,651.

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 position 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, displaying funds with the largest balances or most activity in separate columns.

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

Village of Hunting Valley
Management's Discussion and Analysis
For the Years Ended December 31, 2015 and 2014
Unaudited

Basis of Accounting

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

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

Reporting the Village as a Whole

Within the limitations of modified cash basis accounting, the statements of net position and the statements of activities reflect how the Village performed financially during 2015 and 2014. The statements of net position 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 that 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.

Village of Hunting Valley
Management's Discussion and Analysis
For the Years Ended December 31, 2015 and 2014
Unaudited

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

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

Reporting the Village's Most Significant Funds

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

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

Village of Hunting Valley
Management's Discussion and Analysis
For the Years Ended December 31, 2015 and 2014
Unaudited

The Village as a Whole

Table 1 provides a summary of the Village's net position for 2015 and 2014 compared to 2013 on a modified cash basis:

(Table 1)
Net Position

	Governmental Activities		
	2015	2014	2013
Assets			
Cash and Cash Equivalents	\$ 8,493,641	\$12,389,680	\$33,466,024
Investments	56,670,886	58,109,740	39,267,894
Total Assets	65,164,527	70,499,420	72,733,918
Net Position			
Restricted for:			
Special Purposes	2,586	1,570	2,987
Unrestricted	65,161,941	70,497,850	74,730,931
Total Net Position	\$65,164,527	\$70,499,420	\$74,733,918

As mentioned previously, the net position of governmental activities decreased \$5,334,893 or 7.6% in 2015. The primary reason for the decrease in net position was increased capital outlays and low revenues from investments due to the historically low interest rate environment. The net position of governmental activities decreased \$2,234,499, or 3.1% in 2014 due mainly to low revenues caused by the historically low interest rate environment.

Table 2: Changes in Net Position, below, reflects components of net position changes in 2015 and 2014.

Of total receipts, program receipts represent 14.1 % in 2015 and 18.5 % in 2014. 2015 receipts were in line with the norm and include restricted intergovernmental receipts such as motor vehicle license and gas tax money, snowplowing fees, building permits and inspection fees. The 2014 percentage is increased by OPWC grant funding of \$224,752.

Of the Village's total receipts, general receipts represent 85.9 % in 2015 and 81.5 % in 2014, and of those amounts only 34.8 % in 2015 and 27.0 % in 2014 are local taxes. Unrestricted state grants and entitlements and investment income constitute the remainder of the Village's general receipts.

Village of Hunting Valley
Management's Discussion and Analysis
For the Years Ended December 31, 2015 and 2014
Unaudited

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.

Village of Hunting Valley
Management's Discussion and Analysis
For the Years Ended December 31, 2015 and 2014
Unaudited

(Table 2)
Changes in Net Position

	Governmental Activities		
	2015	2014	2013
Receipts:			
Program Receipts:			
Charges for Services and Sales	\$ 214,367	\$ 167,259	\$ 189,322
Operating Grants and Contributions	46,779	44,864	39,530
Capital Grants and Contributions	-	224,752	224,748
Total Program Receipts	<u>261,146</u>	<u>436,875</u>	<u>453,600</u>
General Receipts:			
Property and Other Local Taxes	644,980	636,127	675,443
Grants and Entitlements Not Restricted to Specific Programs	110,288	472,431	1,455,137
Interest	646,521	460,415	255,545
Other Debt Proceeds	-	131,397	93,355
Miscellaneous	190,557	222,521	394,615
Total General Receipts	<u>1,592,346</u>	<u>1,922,891</u>	<u>2,874,095</u>
Total Receipts	<u>1,853,492</u>	<u>2,359,766</u>	<u>3,327,695</u>
Disbursements:			
General Government	657,276	637,397	637,251
Security of Persons and Property	1,720,724	1,715,714	1,760,423
Public Health Services	4,000	-	292
Community Environment	258,207	240,618	211,866
Basic Utilities (Trash Service)	105,534	102,838	118,900
Transportation	738,605	724,427	666,759
Capital Outlay	3,692,801	1,167,651	1,016,481
Principal Retirement	11,238	5,619	5,250,000
Interest and Fiscal Charges	-	-	52,354
Total Disbursements	<u>7,188,385</u>	<u>4,594,264</u>	<u>9,714,326</u>
Increase (Decrease) in Net Position	(5,334,893)	(2,234,498)	(6,386,631)
Net Position, beginning of year	<u>70,499,420</u>	<u>72,733,918</u>	<u>79,120,549</u>
Net Position, end of year	<u>\$ 65,164,527</u>	<u>\$ 70,499,420</u>	<u>\$ 72,733,918</u>

Village of Hunting Valley
Management's Discussion and Analysis
For the Years Ended December 31, 2015 and 2014
Unaudited

Governmental Activities

If you look at the Statements of Activities on page 13 and page 21, 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, transportation and community environment. 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 Position columns show “net costs”, amounts that represent the cost of each service funded by money from local taxpayers and other sources. General Receipts, presented at the bottom of each statement, show those receipts by source.

A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

	Governmental Activities			
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2015	2015	2014	2014
General Government	\$ 657,276	\$ (657,276)	\$ 637,397	\$ (637,397)
Security of Persons and Property	1,720,724	(1,715,783)	1,715,714	(1,711,172)
Public Health Services	4,000	(4,000)	-	-
Community Environment	258,207	(132,410)	240,618	(112,930)
Basic Utilities (Trash Service)	105,534	(105,534)	102,838	(102,838)
Transportation	738,605	(608,197)	724,427	(644,534)
Capital Outlay	3,692,801	(3,692,801)	1,167,651	(942,899)
Principal Retirement	11,238	(11,238)	5,619	(5,619)
Total Expenses	\$ 7,188,385	\$ (6,927,239)	\$ 4,594,264	\$ (4,157,389)

The dependence upon revenue sources other than program cash receipts is apparent.

Village of Hunting Valley
Management's Discussion and Analysis
For the Years Ended December 31, 2015 and 2014
Unaudited

The Village's Funds

In 2015, total governmental funds had receipts of \$1,853,492, no other financing sources and disbursements of \$7,188,385. In 2014, total governmental funds had receipts of \$2,359,766, no other financing sources and disbursements of \$4,594,264. The activity in governmental funds occurred mostly within the General Fund in both 2015 and 2014. In 2015, the fund balance of the General Fund decreased \$5,335,909 as the result of an operating deficit and an increase in capital outlays. In 2014, the fund balance of the General Fund decreased \$2,233,081 for the same reasons.

General Fund Budgeting Highlights

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

During 2015 the Village amended its General Fund budget to provide for land purchases and to provide for a significant increase in investment management fees. During 2014, the Village amended its General Fund Budget to provide for an OPWC loan payment of \$5,619.

In 2015, final disbursements were budgeted at \$8,414,938 while actual disbursements were \$7,104,685. In 2014, final disbursements were budgeted at \$9,700,000 and actual disbursements were \$4,154,221. It is Village policy to appropriate (budget) aggressively to provide for all contingencies. The Village manages operations and controls its spending by reviewing a report to Council on a monthly basis which compares 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 within the Village in which it has an ownership interest.

Debt

At December 31, 2015, the Village had outstanding debt in the form of a zero interest loan from OPWC of \$207,895. At December 31, 2014, the Village's outstanding debt was \$219,133 for the same loan. For further information regarding the Village's debt, refer to Note 10 of the Notes to the Financial Statements.

Village of Hunting Valley
Management's Discussion and Analysis
For the Years Ended December 31, 2015 and 2014
Unaudited

Current Issues

The Village of Hunting Valley is fortunate to have sufficient reserves to contribute to its annual spending for operations, infrastructure needs and other capital outlays. It considers land conservation as investments when opportunities within the Village arise. The Village's infrastructure focus has turned to road improvements, particularly Fairmount Blvd. on which major reconstruction projects were commenced in early 2012 and should be completed in early 2017. Other priorities include County Line Road and Cedar Road. Both of these roads lie within the Village of Hunting Valley and neighboring communities adding a layer of complication to planning for their reconstruction.

Contacting the Village's Financial Management

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

Village of Hunting Valley, Ohio
Cuyahoga County
Statement of Net Position - Modified Cash Basis
December 31, 2015

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 8,493,641
Investments	<u>56,670,886</u>
<i>Total Assets</i>	<u><u>65,164,527</u></u>
Net Position	
Restricted for:	
Other Purposes	2,586
Unrestricted	<u>65,161,941</u>
<i>Total Net Position</i>	<u><u>\$ 65,164,527</u></u>

See accompanying notes to the basic financial statements

Village of Hunting Valley, Ohio
Cuyahoga County
Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2015

	Program Receipts			Net (Disbursements) Receipts and Changes in Net Position
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Current:				
Security of Persons and Property	\$ 1,720,724	\$ -	\$ 4,941	\$ (1,715,783)
Public Health Services	4,000	-	-	(4,000)
Community Environment	258,207	125,797	-	(132,410)
Basic Utility Services (Trash Service)	105,534	-	-	(105,534)
Transportation	738,605	88,570	41,838	(608,197)
General Government	657,276	-	-	(657,276)
Capital Outlay	3,692,801	-	-	(3,692,801)
Debt Service:				
Principal Retirement	11,238	-	-	(11,238)
Total Governmental Activities	\$ 7,188,385	\$ 214,367	\$ 46,779	(6,927,239)
General Receipts:				
Property Taxes Levied for:				
General Purposes				607,043
Police Pension				37,937
Grants and Entitlements not Restricted to Specific Programs				110,288
Earnings on Investments				646,521
Miscellaneous				190,557
Total General Receipts				1,592,346
Change in Net Position				(5,334,893)
<i>Net Position Beginning of Year</i>				70,499,420
<i>Net Position End of Year</i>				\$ 65,164,527

See accompanying notes to the basic financial statements

Village of Hunting Valley, Ohio
Cuyahoga County
Statement of Assets and Fund Balances - Modified Cash Basis
Governmental Funds
December 31, 2015

	General	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 8,491,055	\$ -	\$ 2,586	\$ 8,493,641
Investments	56,670,886	-	-	56,670,886
<i>Total Assets</i>	<u>65,161,941</u>	<u>-</u>	<u>2,586</u>	<u>65,164,527</u>
Fund Balances				
Restricted	-	-	2,586	2,586
Unassigned	65,161,941	-	-	65,161,941
<i>Total Fund Balances</i>	<u>\$ 65,161,941</u>	<u>\$ -</u>	<u>\$ 2,586</u>	<u>\$ 65,164,527</u>

See accompanying notes to the basic financial statements

Village of Hunting Valley, Ohio
Cuyahoga County
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities - Modified Cash Basis
December 31, 2015

Total Governmental Fund Balances	<u>\$ 65,164,527</u>
<i>Net Position of Governmental Activities</i>	<u>\$ 65,164,527</u>

See accompanying notes to the basic financial statements

Village of Hunting Valley, Ohio
Cuyahoga County
Statement of Receipts, Disbursements and Changes Fund Balances - Modified Cash Basis
Governmental Funds
For the Year Ended December 31, 2015

	General	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Receipts				
Property Taxes	\$ 607,043	\$ -	\$ 37,937	\$ 644,980
Intergovernmental	110,288	-	46,779	157,067
Charges for Services	88,570	-	-	88,570
Fines, Licenses and Permits	125,797	-	-	125,797
Earnings on Investments	646,521	-	-	646,521
Miscellaneous	190,557	-	-	190,557
<i>Total Receipts</i>	<u>1,768,776</u>	<u>-</u>	<u>84,716</u>	<u>1,853,492</u>
Disbursements				
Current:				
Security of Persons and Property	1,678,724	-	42,000	1,720,724
Public Health Services	4,000	-	-	4,000
Community Environment	258,207	-	-	258,207
Basic Utility Services (Trash Service)	105,534	-	-	105,534
Transportation	696,905	-	41,700	738,605
General Government	632,171	-	-	632,171
Capital Outlay	3,692,801	-	-	3,692,801
Debt Service:				
Principal Retirement	-	11,238	-	11,238
<i>Total Disbursements</i>	<u>7,068,342</u>	<u>11,238</u>	<u>83,700</u>	<u>7,163,280</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(5,299,566)	(11,238)	1,016	(5,309,788)
Other Financing Sources (Uses)				
Transfers In	-	11,238	-	11,238
Transfers Out	(11,238)	-	-	(11,238)
Other Financing Uses	(25,105)	-	-	(25,105)
<i>Total Other Financing Sources (Uses)</i>	<u>(36,343)</u>	<u>11,238</u>	<u>-</u>	<u>(25,105)</u>
<i>Net Change in Fund Balances</i>	(5,335,909)	-	1,016	(5,334,893)
<i>Fund Balances Beginning of Year</i>	<u>70,497,850</u>	<u>-</u>	<u>1,570</u>	<u>70,499,420</u>
<i>Fund Balances End of Year</i>	<u>\$ 65,161,941</u>	<u>\$ -</u>	<u>\$ 2,586</u>	<u>\$ 65,164,527</u>

See accompanying notes to the basic financial statements

Village of Hunting Valley, Ohio
Cuyahoga County
Reconciliation of the Statement of Receipts, Disbursements and Changes
in Fund Balances - Governmental Funds to the Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2015

Net Change in Fund Balances - Total Governmental Funds	<u>\$ (5,334,893)</u>
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<i>Change in Net Position of Governmental Activities</i>	<u>\$ (5,334,893)</u>
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See accompanying notes to the basic financial statements

Village of Hunting Valley, Ohio
Cuyahoga County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2015

	Budgeted Amounts		
	Original	Final	Actual
Receipts			
Property Taxes	\$ 679,602	\$ 679,602	\$ 607,043
Intergovernmental	26,111	26,111	110,288
Charges for Services	56,000	56,000	88,570
Fines, Licenses and Permits	98,000	98,000	125,797
Earnings on Investments	223,000	223,000	646,521
Miscellaneous	65,500	65,500	190,557
<i>Total Receipts</i>	<u>1,148,213</u>	<u>1,148,213</u>	<u>1,768,776</u>
Disbursements			
Current:			
Security of Persons and Property	2,000,000	2,000,000	1,678,724
Public Health Services	5,500	5,500	4,000
Community Environment	307,250	307,250	258,207
Basic Utility Services (Trash Service)	101,700	101,700	105,534
Transportation	808,451	808,451	696,905
General Government	788,519	788,519	632,171
Capital Outlay	2,746,280	4,366,280	3,692,801
<i>Total Disbursements</i>	<u>6,757,700</u>	<u>8,377,700</u>	<u>7,068,342</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(5,609,487)	(7,229,487)	(5,299,566)
Other Financing Sources (Uses)			
Transfers Out	(11,238)	(11,238)	(11,238)
Other Financing Uses	(26,000)	(26,000)	(25,105)
<i>Total Other Financing Sources (Uses)</i>	<u>(37,238)</u>	<u>(37,238)</u>	<u>(36,343)</u>
<i>Net Change in Fund Balance</i>	(5,646,725)	(7,266,725)	(5,335,909)
<i>Unencumbered Fund Balance Beginning of Year</i>	70,497,850	70,497,850	70,497,850
<i>Unencumbered Fund Balance End of Year</i>	<u>\$ 64,851,125</u>	<u>\$ 63,231,125</u>	<u>\$ 65,161,941</u>

See accompanying notes to the basic financial statements

Village of Hunting Valley, Ohio
Cuyahoga County
Statement of Fiduciary Net Position - Modified Cash Basis
Fiduciary Funds
December 31, 2015

	<i>Agency</i>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 177,942
Investments	60,924
<i>Total Assets</i>	238,866
Net Position	
Held for:	
Construction Guarantees	163,942
Tower Deposits	60,924
Other Purposes	14,000
<i>Total Net Position</i>	\$ 238,866

See accompanying notes to the basic financial statements

Village of Hunting Valley, Ohio
Cuyahoga County
Statement of Net Position - Modified Cash Basis
December 31, 2014

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 12,389,680
Investments	<u>58,109,740</u>
<i>Total Assets</i>	<u><u>70,499,420</u></u>
Net Position	
Restricted for:	
Other Purposes	1,570
Unrestricted	<u>70,497,850</u>
<i>Total Net Position</i>	<u><u>\$ 70,499,420</u></u>

See accompanying notes to the basic financial statements

Village of Hunting Valley, Ohio
Cuyahoga County
Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2014

	Cash Disbursements	Program Receipts			Net (Disbursements) Receipts and Changes in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Current:					
Security of Persons and Property	\$ 1,715,714	\$ -	\$ 4,542	\$ -	\$ (1,711,172)
Community Environment	240,618	127,688	-	-	(112,930)
Basic Utility Services (Trash Service)	102,838	-	-	-	(102,838)
Transportation	724,427	39,571	40,322	-	(644,534)
General Government	637,397	-	-	-	(637,397)
Capital Outlay	1,167,651	-	-	224,752	(942,899)
Debt Service:					
Principal Retirement	5,619	-	-	-	(5,619)
<i>Total Governmental Activities</i>	<u>\$ 4,594,264</u>	<u>\$ 167,259</u>	<u>\$ 44,864</u>	<u>\$ 224,752</u>	<u>(4,157,389)</u>
General Receipts:					
Property Taxes Levied for:					
General Purposes					598,514
Police Pension					37,613
Grants and Entitlements not Restricted to Specific Programs					472,431
Other Debt Proceeds					131,397
Earnings on Investments					460,415
Miscellaneous					222,521
<i>Total General Receipts</i>					<u>1,922,891</u>
Change in Net Position					(2,234,498)
<i>Net Position Beginning of Year</i>					<u>72,733,918</u>
<i>Net Position End of Year</i>					<u>\$ 70,499,420</u>

See accompanying notes to the basic financial statements

Village of Hunting Valley, Ohio
Cuyahoga County
Statement of Assets and Fund Balances - Modified Cash Basis
Governmental Funds
December 31, 2014

	General	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 12,388,110	\$ -	\$ 1,570	\$ 12,389,680
Investments	58,109,740	-	-	58,109,740
<i>Total Assets</i>	<u>70,497,850</u>	<u>-</u>	<u>1,570</u>	<u>70,499,420</u>
Fund Balances				
Restricted	-	-	1,570	1,570
Unassigned	70,497,850	-	-	70,497,850
<i>Total Fund Balances</i>	<u>\$ 70,497,850</u>	<u>\$ -</u>	<u>\$ 1,570</u>	<u>\$ 70,499,420</u>

See accompanying notes to the basic financial statements

Village of Hunting Valley, Ohio
Cuyahoga County
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities - Modified Cash Basis
December 31, 2014

Total Governmental Fund Balances	<u>\$ 70,499,420</u>
<i>Net Position of Governmental Activities</i>	<u>\$ 70,499,420</u>

See accompanying notes to the basic financial statements

Village of Hunting Valley, Ohio
Cuyahoga County
Statement of Receipts, Disbursements and Changes Fund Balances - Modified Cash Basis
Governmental Funds
For the Year Ended December 31, 2014

	General	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Receipts				
Property Taxes	\$ 598,514	\$ -	\$ 37,613	\$ 636,127
Intergovernmental	472,431	-	269,616	742,047
Charges for Services	39,571	-	-	39,571
Fines, Licenses and Permits	127,688	-	-	127,688
Earnings on Investments	460,415	-	-	460,415
Miscellaneous	222,521	-	-	222,521
<i>Total Receipts</i>	<u>1,921,140</u>	<u>-</u>	<u>307,229</u>	<u>2,228,369</u>
Disbursements				
Current:				
Security of Persons and Property	1,672,520	-	43,194	1,715,714
Community Environment	240,618	-	-	240,618
Basic Utility Services (Trash Service)	102,838	-	-	102,838
Transportation	683,727	-	40,700	724,427
General Government	617,328	-	-	617,328
Capital Outlay	811,502	-	356,149	1,167,651
Debt Service:				
Principal Retirement	-	5,619	-	5,619
<i>Total Disbursements</i>	<u>4,128,533</u>	<u>5,619</u>	<u>440,043</u>	<u>4,574,195</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(2,207,393)	(5,619)	(132,814)	(2,345,826)
Other Financing Sources (Uses)				
Other Debt Proceeds	-	-	131,397	131,397
Transfers In	-	5,619	-	5,619
Transfers Out	(5,619)	-	-	(5,619)
Other Financing Uses	(20,069)	-	-	(20,069)
<i>Total Other Financing Sources (Uses)</i>	<u>(25,688)</u>	<u>5,619</u>	<u>131,397</u>	<u>111,328</u>
<i>Net Change in Fund Balances</i>	(2,233,081)	-	(1,417)	(2,234,498)
<i>Fund Balances Beginning of Year</i>	<u>72,730,931</u>	<u>-</u>	<u>2,987</u>	<u>72,733,918</u>
<i>Fund Balances End of Year</i>	<u>\$ 70,497,850</u>	<u>\$ -</u>	<u>\$ 1,570</u>	<u>\$ 70,499,420</u>

See accompanying notes to the basic financial statements

Village of Hunting Valley, Ohio
Cuyahoga County
Reconciliation of the Statement of Receipts, Disbursements and Changes
in Fund Balances - Governmental Funds to the Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2014

Net Change in Fund Balances - Total Governmental Funds	<u>\$ (2,234,498)</u>
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<i>Change in Net Position of Governmental Activities</i>	<u>\$ (2,234,498)</u>
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See accompanying notes to the basic financial statements

Village of Hunting Valley, Ohio
Cuyahoga County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2014

	Budgeted Amounts		
	Original	Final	Actual
Receipts			
Property Taxes	\$ 679,602	\$ 679,602	\$ 598,514
Intergovernmental	26,111	26,111	472,431
Charges for Services	56,000	56,000	39,571
Fines, Licenses and Permits	98,000	98,000	127,688
Earnings on Investments	223,000	223,000	460,415
Miscellaneous	65,500	65,500	222,521
<i>Total Receipts</i>	<u>1,148,213</u>	<u>1,148,213</u>	<u>1,921,140</u>
Disbursements			
Current:			
Security of Persons and Property	1,900,000	1,900,000	1,672,520
Public Health Services	10,000	10,000	-
Community Environment	220,000	220,000	240,618
Basic Utility Services (Trash Service)	125,000	125,000	102,838
Transportation	922,000	922,000	683,727
General Government	978,291	978,291	617,328
Capital Outlay	2,003,000	2,003,000	811,502
Debt Service:			
Interest and Fiscal Charges	60,000	60,000	-
<i>Total Disbursements</i>	<u>6,218,291</u>	<u>6,218,291</u>	<u>4,128,533</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(5,070,078)	(5,070,078)	(2,207,393)
Other Financing Sources (Uses)			
Transfers Out	(3,461,709)	(3,461,709)	(5,619)
Other Financing Uses	(20,000)	(20,000)	(20,069)
<i>Total Other Financing Sources (Uses)</i>	<u>(3,481,709)</u>	<u>(3,481,709)</u>	<u>(25,688)</u>
<i>Net Change in Fund Balance</i>	(8,551,787)	(8,551,787)	(2,233,081)
<i>Unencumbered Fund Balance Beginning of Year</i>	72,730,931	72,730,931	72,730,931
<i>Unencumbered Fund Balance End of Year</i>	<u>\$ 64,179,144</u>	<u>\$ 64,179,144</u>	<u>\$ 70,497,850</u>

See accompanying notes to the basic financial statements

Village of Hunting Valley, Ohio
Cuyahoga County
Statement of Fiduciary Net Position - Modified Cash Basis
Fiduciary Funds
December 31, 2014

	<i>Agency</i>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 179,115
Investments	60,772
<i>Total Assets</i>	239,887
Net Position	
Held for:	
Construction Guarantees	165,615
Tower Deposits	60,772
Other Purposes	13,500
<i>Total Net Position</i>	\$ 239,887

See accompanying notes to the basic financial statements

Village of Hunting Valley
Cuyahoga County
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 1 – Reporting Entity

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

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

A. Primary Government

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

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

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

Northeast Ohio Public Energy Council (“NOPEC”)

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

Valley Enforcement Regional Council of Governments (“VERCOG”)

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

Chagrin Valley Dispatch Council (“CVD”)

CVD is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. It was formed to promote cooperative arrangements and coordinate action among its members in matters relating to the dispatch of public safety services and the operation of the Chagrin Valley Regional Communications Center (“RCC”).

Village of Hunting Valley
Cuyahoga County
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 1 – Reporting Entity (continued)

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

Note 2 – Summary of Significant Accounting Policies

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

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

The statement of net position 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.

Village of Hunting Valley
Cuyahoga County
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 2 – Summary of Significant Accounting Policies (continued)

Fund Financial Statements

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

B. Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are divided into two categories, governmental and fiduciary.

Governmental Funds

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

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

Debt Service – This fund receives transfers from the general fund and disburses payments for an outstanding OPWC loan.

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

Fiduciary Funds

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

Village of Hunting Valley
Cuyahoga County
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 2 – Summary of Significant Accounting Policies (continued)

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. Management believes that these amounts, if recorded, would not have a material effect on the financial statements.

D. Budgetary Process

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

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

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

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

Village of Hunting Valley
Cuyahoga County
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 2 – Summary of Significant Accounting Policies (continued)

E. Cash and Investments

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

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments. For 2015, \$2,802,410 of the total cash and cash equivalents reported for governmental activities was held by the Village’s investment managers.

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 2015 and 2014, the Village invested in nonnegotiable certificates of deposit; money market funds; money market accounts extra; municipal bond anticipation notes; municipal bonds; federal agency securities and STAR Ohio. Investments are reported at cost, except for STAR Ohio. STAR Ohio is an investment pool, managed by the State Treasurer’s Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio’s share price, the price for which the investment could be sold on December 31, 2015 and 2014.

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 2015 were \$646,521 which includes an immaterial amount assigned from other Village funds. Interest receipts credited to the General Fund during 2014 were \$460,415 which includes an immaterial amount assigned from other Village funds.

F. Restricted Assets

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

G. 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.

Village of Hunting Valley
Cuyahoga County
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 2 – Summary of Significant Accounting Policies (continued)

H. 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. Management believes that these amounts, if recorded, would not have a material effect on the financial statements.

I. Accumulated Leave

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

K. Long-Term Obligations

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

L. Net Position

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

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

M. Fund Balance

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

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

Village of Hunting Valley
Cuyahoga County
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 2 – Summary of Significant Accounting Policies (continued)

M. Fund Balance (continued)

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

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

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

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

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

Village of Hunting Valley
Cuyahoga County
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 2 – Summary of Significant Accounting Policies (continued)

M. Fund Balance (continued)

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

N. Interfund Transactions

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.

Note 3 – Change in Accounting Principle

For 2015, the Village implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*. GASB 68 established standards for measuring and recognizing pension liabilities, deferred outflows of resources, deferred inflows of resources, expense/expenditure and enhanced footnote disclosure. The implementation of this pronouncement had no effect on the net position of the Village.

Note 4 – Budgetary Basis of Accounting

Budgetary basis accounting as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. Any differences between the budgetary basis and the modified cash basis are outstanding year end encumbrances which are treated as cash disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (modified cash basis). There were no encumbrances outstanding at year end 2015 or 2014.

Note 5 – Deposits and Investments

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

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

Village of Hunting Valley
Cuyahoga County
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 5 – Deposits and Investments (continued)

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 accordance with the following policy, which was adopted by Village council in May 2015:

Whereas the Charter of the Village of Hunting Valley provides in Article VI Section 5 that among the duties of the Finance Director that “he shall keep, preserve, deposit and invest the moneys of the municipality in such a manner and in such place or places as the Council shall determine...”

Pursuant to action taken by the Village Council at its special meeting on February 2, 2015, the Village has engaged professional investment managers to invest its funds. The funds shall be divided into two portfolios. Each manager may invest its portion of the funds in accordance with its Investment Management Agreement with the Village subject to the limitations set forth below.

Authorized Investments

1. U.S. Treasury Obligations. United States Treasury bills, 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, or any book entry, zero coupon United States treasury security that is a direct obligation of the United States. Notwithstanding the above, the Village may not in any manner, give or loan credit in aid of any private individual, association or corporation.
2. Federal Agency Obligations. Bonds, notes, debentures, or other obligations or securities issued by any federal government agency or instrumentality. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities.
3. Commercial Paper. Unsecured short-term debt of an entity defined in Division (D) of Section 1705.01 of the Ohio Revised Code if the following conditions are met:
 - a. the maturity is no greater than one hundred eighty (180) days; the total holdings of an issuer's paper does not represent more than two percent (2%) of the issuing corporation's total outstanding commercial paper;

Village of Hunting Valley
Cuyahoga County
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 5 – Deposits and Investments (continued)

- a. the short-term debt rating is at least “A1” or equivalent by all NRSROs that rate the issuer, with no negative credit watch announced by any NRSRO. Under all circumstances, a minimum of two short-term debt ratings must be available; and
 - b. the issuing entity has assets exceeding five hundred million dollars.
4. Municipal Obligations. Bonds and other obligations of the State of Ohio, or the political subdivisions of the State of Ohio. Bonds and other obligations of the other 49 States or the political subdivisions of those states so long as the underlying credit rating of the out-of-state issuer is at least AA- and/or Aa3. Notwithstanding the previous limitation, up to 15% of the pit-of-state securities may have a published credit rating below AA- but no lower than A at the time of purchase. In case of a split rating, the higher rating shall apply. In the event that a security is downgraded or if its ratings have been withdrawn subsequent to purchase in the portfolio, and causes a violation of these guidelines, such downgraded security may be held at the manager’s discretion. Prefunded or escrowed-to-maturity bonds backed by US Government securities shall be considered to be rated AAA regardless of the published rating. No Municipal Obligation may mature more than ten (10) years from the trade date. The maximum allocation to any single issuer is 5% of the Investible Funds.
 5. Bank Deposits. Time certificates of deposit or savings or deposit (interest bearing checking) accounts in an eligible institution defined in Section 135.32 of the Ohio Revised Code. Collateralization is required on all deposits of Village funds by Section 135.18 or 135.181 of the Ohio Revised Code G.
 6. State Pool. State of Ohio Local Agency Investment Pool (STAR Ohio).
 7. Registered Investment Companies (Mutual Funds.) Shares in open-end, no-load money market mutual funds provided such funds are registered under the Federal Investment Company Act of 1940 and invest exclusively in the securities defined above as U.S. Treasury Obligations and Federal Agency Obligations as required by Section 135.35 of the Ohio Revised Code. The fund must be rated “AAm” or “AAm-G” or better by Standard & Poor’s Corporation, or an equivalent by another NRSRO. The fund must also be properly registered for sale in the State of Ohio and be purchased through eligible institutions defined in Section 135.32 of the Ohio Revised Code. Such institution must also be designated as a depository bank of the Village. At no time will the Village’s investment in a fund represent more than 2.0% of the total net assets of that fund.

Target Duration

The duration of the portfolio will have a target of four (4) years. Based on the manager’s discretion it can be extended to no longer than five (5) years or reduced to no shorter than one (1) year.

Village of Hunting Valley
Cuyahoga County
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 5 – Deposits and Investments (continued)

Technical Violation of the Guidelines

When assets are withdrawn from a manager’s account for any reason, the portfolio may become technically out of compliance with these guidelines. When such resulting violation is known, the manager must inform the Village of the technical violation within one (1) business day and will be allowed five (5) business days to bring the portfolio back into compliance with these guidelines.

Portfolio Diversification

The portfolio shall be structured to diversify investments to reduce the risk of loss resulting from over-concentration of assets in a specific maturity, a specific issuer or a specific type of investment. The maximum portion of each pool shall be limited as stated below:

U.S. Treasury	100%
Federal Agency	100%
Commercial Paper	25%
Bank Deposits	50%
Municipal Obligations	50%
STAR Ohio	100%
Mutual Funds	100%

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 is also prohibited. An investment must mature within ten 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 2015 and 2014, the Village had no un-deposited cash on hand, which would have been 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 2015 and 2014, the Village had bank balances of \$9,518,806 and \$12,591,237, respectively. None of the Village’s 2015 bank balance of \$9,518,806 was exposed to custodial credit risk. None of the Village’s 2014 bank balance of \$12,591,237 was exposed to custodial credit risk.

Village of Hunting Valley
Cuyahoga County
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 5 – Deposits and Investments (continued)

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

Investments

As of December 31, 2015, the Village had the following investments:

<u>Investment Type</u>	<u>Carrying Value</u>	<u>Investment Maturities (in years)</u>			
		<u><1</u>	<u>1-3</u>	<u>3-5</u>	<u>5+</u>
Municipal Bonds	\$ 31,697,277	\$ 1,000,000	\$ 4,238,730	\$ 9,336,956	\$ 17,121,591
Governmental Agencies	24,973,609	-	-	10,936,100	14,037,509
Total Investments	\$ 56,670,886	\$ 1,000,000	\$ 4,238,730	\$ 20,273,056	\$ 31,159,100

As of December 31, 2012, the Village had the following investments:

<u>Investment Type</u>	<u>Carrying Value</u>	<u>Investment Maturities (in years)</u>			
		<u><1</u>	<u>1-3</u>	<u>3-5</u>	<u>5+</u>
Star Ohio	\$ 45	\$ 45	\$ -	\$ -	\$ -
Municipal Bonds	27,103,713	25,103,713	2,000,000	-	-
Governmental Agencies	31,005,982	-	14,005,982	17,000,000	-
Total Investments	\$ 58,109,740	\$ 25,103,758	\$ 16,005,982	\$ 17,000,000	\$ -

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

Credit Risk - The municipal bond anticipation notes are all rated between A1 and Aaa by Moody's; the governmental agency securities are rated Aaa by Moody's; Star Ohio is rated as Aaa.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The municipal bonds and governmental agency securities 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

Village of Hunting Valley
Cuyahoga County
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 5 – Deposits and Investments (continued)

no investment policy dealing with investment custodial credit risk beyond the requirements in ORC 135.14(M)(2) which states, “Payments for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee.”

Note 6 – Property Taxes

Property taxes include amounts levied against all real property and public utility property located in the Village. Property tax receipts received in 2015 and 2014 for real and public utility property taxes represents collections of the 2014 and 2013 taxes, respectively. 2015 and 2014 real property taxes are levied after October 1, 2014 and 2013, respectively on the assessed values as of January 1, 2014 and 2013, respectively, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. 2015 and 2014 real property taxes are collected in and intended to finance 2016 and 2015, 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. 2015 and 2014 public utility property taxes which became a lien on December 31, 2014 and December 31, 2013, respectively, are levied after October 1, 2014 and October 1, 2013 respectively, and are collected in 2015 and 2014, respectively with real property taxes.

The full tax rate for all Village operations for the years ended December 31, 2015 and 2014, was \$5.10 per \$1,000 of assessed value.

The assessed values of real and personal property upon which 2015 and 2014 property tax receipts were based are as follows:

	2015	2014
Real Property	\$148,130,080	\$148,371,210
Public Utility Property	893,140	875,300
Total Assessed Values	\$149,023,220	\$149,246,510

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.

Village of Hunting Valley
Cuyahoga County
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 7 – Risk Management

As of December 31, 2015, the Village contracted with several companies for various types of insurance coverage as follows:

<u>Company</u>	<u>Type of Coverage</u>	<u>Amount of Coverage</u>
Brit Global Specialty USA	Commercial Property	\$9,356,986
	General Liability	2,000,000
	Errors and Omissions	2,000,000
	Public Officials	1,000,000
Federal Insurance Company	Fiduciary Liability	1,000,000
Zurich North American Surety	Surety Bond	10,000
State National Insurance Company, Inc.	Umbrella Liability	5,000,000
American Alternative Insurance Corporation	Umbrella Liability	10,000,000

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

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

Note 8 – Defined Benefit Pension Plans

A. Ohio Public Employees Retirement System

Plan Description – Village employees, other than full-time police, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. Village employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, by writing to Ohio Public Employees Retirement System, 277 East Town Street, Columbus, OH 43215-4642 or by calling (800) 222-7377.

Village of Hunting Valley
Cuyahoga County
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 8 – Defined Benefit Pension Plans (continued)

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information):

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

Final average salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Village of Hunting Valley
Cuyahoga County
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 8 – Defined Benefit Pension Plans (continued)

Funding Policy – The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	State and Local	
2014 & 2015 Statutory Maximum Contribution Rates		
Employer	14.0	%
Employee	10.0	%
2014 & 2015 Actual Contribution Rates		
Employer:		
Pension	12.0	%
Post-employment Health Care Benefits	2.0	
Total Employer	14.0	%
Employee	10.0	%

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Village’s contractually required contribution was \$111,178 and \$110,452 for years 2015 and 2014, respectively.

B. Ohio Police and Fire Pension Fund

Plan Description - Village full-time police participate in the Ohio Police and Fire Pension Fund (OPF), a cost-sharing, multiple-employer defined benefit pension plan administered by OPF. OPF 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. OPF issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OPF fiduciary net position. The report may be obtained by visiting the OPF website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Upon attaining a qualifying age with sufficient years of service, a member of OPF may retire and receive a lifetime monthly pension. OPF offers four types of service retirement; normal, service commuted, age/service commuted and actuarially reduced. Each type has different eligibility guidelines and is calculated using the member’s average annual salary. The following discussion of the pension formula relates to normal service retirement.

Village of Hunting Valley
Cuyahoga County
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 8 – Defined Benefit Pension Plans (continued)

For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement with at least 25 years of service credit. For members hired on or before July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit.

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit.

Under normal service retirement, retired members who are at least 55 years old and have been receiving OPF benefits for at least one year may be eligible for a cost of living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit and statutory survivors.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, will receive a COLA equal to either three percent or the percent increase, if any, in the Consumer Price Index (CPI) over the 12 month period ending on September 30 of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013 is equal to three percent of their base pension or disability benefit.

Village of Hunting Valley
Cuyahoga County
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 8 – Defined Benefit Pension Plans (continued)

Funding Policy – The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	2015		2014	
	Police		Police	
2015 Statutory Maximum Contribution Rates				
Employer	19.50 %		19.50 %	
Employee:				
January 1 through July 1	11.50 %		10.75 %	
July 2 through December 31	12.25 %		11.50 %	
2015 Actual Contribution Rates				
Employer:				
Pension	19.00 %		19.00 %	
Post-employment Health Care Benefits	0.50 %		0.50 %	
Total Employer	19.50 %		19.5 %	
Employee:				
January 1 through July 1	11.50 %		11.50 %	
July 2 through December 31	12.25 %		12.25 %	

Employer contribution rates are expressed as a percentage of covered payroll. The Village’s contractually required contribution to OPF was \$172,345 and \$168,138 for 2015 and 2014, respectively.

Note 9 - Postemployment Benefits

A. Ohio Public Employees Retirement System

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

In order to qualify for post-employment healthcare coverage, age-and-service retirees under the Traditional and Combined Plans must have 20 or more years of qualifying Ohio service credit.

Healthcare coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not mandate, OPERS to provide healthcare benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Village of Hunting Valley
Cuyahoga County
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 9 - Postemployment Benefits (continued)

OPERS issues a stand-alone financial report that may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

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

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2015 and 2014, state and local government employers contributed at a rate of 14.0 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.0 percent of covered payroll for state and local government employer units.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding post-employment healthcare benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 2.0% for both 2015 and 2014 as recommended by the OPERS Actuary. The OPERS Board of Trustees is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The Village's contributions allocated to fund postemployment healthcare benefits for the years ended December 31, 2015, 2014 and 2013 were \$15,883, \$15,779 and \$7,337, respectively. The full amount has been contributed for those years.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 10, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4.0 percent of the employer contributions toward the health care fund after the end of the transition period.

B. Ohio Police and Fire Pension Fund

Plan Description – The Village contributes to the Ohio Police and Fire Pension Fund (OPF) sponsored healthcare program, a cost-sharing multiple-employer defined post-employment healthcare plan administered by OPF. OPF 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.

Village of Hunting Valley
Cuyahoga County
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 9 - Postemployment Benefits (continued)

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

The Ohio Revised Code allows, but does not mandate, OPF to provide OPEB benefits. Authority for the OPF 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.

OPF 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 OPF, 140 East Town Street, Columbus, Ohio 43215-5164. That report is also available on OPF's website at www.op-f.org.

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

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. The portion of employer contributions allocated to health care was 0.5% of covered payroll for both 2015 and 2014.

The amount of employer contributions allocated to the health care 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 OPF Board of Trustees also is authorized to establish requirements for contributions to the health care 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 OPF for police healthcare for the years ending 2015, 2014 and 2013 were \$4,419, \$4,311 and \$43,430, respectively. The full amount has been contributed for those years.

Village of Hunting Valley
Cuyahoga County
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 10 – Long Term Debt

A summary of the long term debt transactions for the year ended December 31, 2015, follows:

2015	<u>Interest Rates</u>	<u>Balance at 1/1/2015</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance at 12/31/2015</u>	<u>Due in < 1 year</u>
Governmental Activities:						
O.P.W.C. Loans	0%	\$ 219,133	\$ -	\$ (11,238)	\$ 207,895	\$ 11,238
Total Long-term Obligations		<u>\$ 219,133</u>	<u>\$ -</u>	<u>\$ (11,238)</u>	<u>\$ 207,895</u>	<u>\$ 11,238</u>

A summary of the long term debt transactions for the year ended December 31, 2014, follows:

2014	<u>Interest Rates</u>	<u>Balance at 1/1/2014</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance at 12/31/2014</u>	<u>Due in < 1 year</u>
Governmental Activities:						
O.P.W.C. Loans	0%	\$ 93,355	\$ 131,397	\$ (5,619)	\$ 219,133	\$ 11,238
Total Long-term Obligations		<u>\$ 93,355</u>	<u>\$ 131,397</u>	<u>\$ (5,619)</u>	<u>\$ 219,133</u>	<u>\$ 11,238</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.

Note 11 – Interfund Transfers

During 2015 and 2014 the following transfers were made:

	<u>2015</u>	<u>2014</u>
Transfers from the General Fund to:		
Bond Retirement Fund	\$ 11,238	\$ 5,619
Total Transfers from the General Fund	<u>\$ 11,238</u>	<u>\$ 5,619</u>

The transfer to the Bond Retirement Fund represents the allocation of unrestricted receipts collected in the General Fund to pay installments on an OPWC loan pursuant to Section 133.22(c)(2) of the Ohio Revised Code.

Village of Hunting Valley
Cuyahoga County
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 12 – Jointly Governed Organizations

Northeast Ohio Public Energy Council

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

NOPEC is governed by a General Assembly made up of one representative from each member community. Representatives from each county then elect one person to serve on the eight-member NOPEC Board of Directors. The Board oversees and manages the operation of the aggregation program. The degree of control exercised by any participating government is limited to its representation in the General Assembly and on the Board. The Village did not contribute to NOPEC during 2015 or 2014. Financial information can be obtained by contacting NOPEC, 31320 Solon Road Suite 20, Solon Ohio 44139.

Valley Enforcement Regional Council of Governments

The Village is a member of Valley Enforcement Regional Council of Governments (VERCOG). VERCOG is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. VERCOG was formed to continue to foster cooperation among political subdivisions through sharing of facilities for their common benefit. It includes the supervision and control of the Valley Enforcement Group (VEG), a mutual aid organization providing the mutual interchange and sharing of police personnel and police equipment. VERCOG is currently comprised of 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 Steve Presley at the City of Bay Village, (440) 871-2200.

Village of Hunting Valley
Cuyahoga County
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 12 – Jointly Governed Organizations (continued)

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, 2013 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 13 – Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Village is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

2015			Other	Total
Fund Balances	General		Governmental Funds	Governmental Funds
	_____		_____	_____
<u>Restricted for</u>				
Street Construction	\$ -		\$ 1,561	\$ 1,561
State Highway Maintenance	-		147	147
Police Pension	-		878	878
Total restricted	-		2,586	2,586
	_____		_____	_____
Unassigned	65,161,941		-	65,161,941
Total fund balances	\$ 65,161,941		\$ 2,586	\$ 65,164,527
	_____		_____	_____

Village of Hunting Valley
Cuyahoga County
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 13 – Fund Balances (continued)

2014		Other	Total
Fund Balances	<u>General</u>	<u>Governmental Funds</u>	<u>Governmental Funds</u>
<u>Restricted for</u>			
Street Construction	\$ -	\$ 1,361	\$ 1,361
State Highway Maintenance	-	209	209
Total restricted	<u>-</u>	<u>1,570</u>	<u>1,570</u>
 Unassigned	 <u>70,497,850</u>	 <u>-</u>	 <u>70,497,850</u>
Total fund balances	<u><u>\$ 70,497,850</u></u>	<u><u>\$ 1,570</u></u>	<u><u>\$ 70,499,420</u></u>

**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 Boulevard
Chagrin Falls, Ohio 44022-6690

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the 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, 2015 and 2014, and the related notes to the financial statements and have issued our report thereon dated May 30, 2016, wherein we noted the Village uses a special purpose framework other than generally accepted accounting principles. We also noted the Village adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



Charles E. Harris and Associates, Inc.
May 30, 2016

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Dave Yost • Auditor of State

VILLAGE OF HUNTING VALLEY

CUYAHOGA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
AUGUST 18, 2016