



**Auditor of State  
Betty Montgomery**



**VILLAGE OF HUNTING VALLEY  
CUYAHOGA COUNTY**

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# Auditor of State Betty Montgomery

## INDEPENDENT ACCOUNTANTS' REPORT

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

To the Village Council:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Hunting Valley, Cuyahoga County, Ohio, (the Village) as of and for the years ended December 31, 2005 and December 31, 2004, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Hunting Valley, Cuyahoga County, Ohio, as of December 31, 2005 and December 31, 2004, and the respective changes in modified cash financial position and the respective budgetary comparison for the General fund thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

For the year ended December 31, 2004, the Village revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 14, 2006, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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

**Betty Montgomery**  
Auditor of State

July 14, 2006

Village of Hunting Valley  
Management's Discussion and Analysis  
For the Years Ended December 31, 2005 and December 31, 2004  
Unaudited

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This discussion and analysis of the Village of Hunting Valley, Cuyahoga County, Ohio (the Village) financial performance provides an overall review of the Village's financial activities for the years ended December 31, 2005 and December 31, 2004 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 2005, net assets of governmental activities decreased \$2,479,164, a 12.4 percent change from the prior year. This decrease in net assets was chiefly caused by the purchase of White North for \$2,078,814. White North is a historically significant property that became an important addition to the Village-owned conservation land. In 2004, net assets of governmental activities decreased \$6,860, an insignificant change from the prior year.

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

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

#### **Report Components**

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

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

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

#### **Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Village has elected to present its financial statements on a modified cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Village's 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**

The statements of net assets and the statements of activities reflect how the Village did financially during 2005 and 2004, within the limitations of modified cash basis accounting. The statements of net assets present the cash balances and investments of the governmental activities of the Village at the end of each year. The statements of activities compare cash disbursements with program receipts for each governmental program. Program cash receipts include charges paid by the recipient of the program's services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Village's general receipts.

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

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

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

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

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

Governmental Funds - Most of the Village's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Village's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are greater or fewer 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 non-major 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 (other than the Village) the Village. Fiduciary funds are not reflected on the Village-wide financial statements because the resources of these funds are not available to support the Village's programs.



Village of Hunting Valley  
Management's Discussion and Analysis  
For the Years Ended December 31, 2005 and December 31, 2004  
Unaudited

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**The Village as a Whole**

Table 1 provides a summary of the Village's net assets for 2005 compared to 2004 on a modified cash basis:

(Table 1)  
**Net Assets**

	Governmental Activities	
	2005	2004
<b>Assets</b>		
Cash and Cash Equivalents	\$15,595,179	\$18,246,718
Investments	1,862,410	1,690,035
Total Assets	17,457,589	19,936,753
 <b>Net Assets</b>		
Restricted for:		
Debt Service	43,743	19,898
Other Purposes	14,536	9,574
Unrestricted	17,399,310	19,907,281
Total Net Assets	\$17,457,589	\$19,936,753

As mentioned previously, net assets of governmental activities decreased \$2,479,164 or 12.4 percent during 2005. The primary reasons for the decrease in cash balances are the acquisition of White North, a 54-acre property on Chagrin River Road for \$2,080,574 and other capital expenditures of \$377,844. In 2004, net assets decreased \$6,860.

Village of Hunting Valley  
Management's Discussion and Analysis  
For the Years Ended December 31, 2005 and December 31, 2004  
Unaudited

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Table 2 reflects components of the changes in net assets in 2005 and 2004.

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

	Governmental Activities 2005	Governmental Activities 2004
	<u>2005</u>	<u>2004</u>
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$167,712	\$127,241
Operating Grants and Contributions	33,346	27,512
Capital Grants and Contributions	40,776	136,336
Total Program Receipts	<u>241,834</u>	<u>291,089</u>
General Receipts:		
Property and Other Local Taxes	583,336	572,609
Income Taxes	8	4,547
Grants and Entitlements Not Restricted to Specific Programs	1,272,493	2,523,177
Interest	513,968	242,511
Notes Issued, including premium	4,773,845	4,761,685
Miscellaneous	166,919	229,420
Total General Receipts	<u>7,310,569</u>	<u>8,333,949</u>
Total Receipts	<u>7,552,403</u>	<u>8,625,038</u>
Disbursements:		
General Government	776,028	1,018,468
Security of Persons and Property:	1,181,947	1,393,013
Public Health Services	21,412	15,986
Community Environment	230,160	246,067
Transportation	506,727	554,212
Capital Outlay	2,458,418	585,277
Principal Retirement	4,750,000	4,750,000
Interest and Fiscal Charges	106,875	68,875
Total Disbursements	<u>10,031,567</u>	<u>8,631,898</u>
Increase (Decrease) in Net Assets	(2,479,164)	(6,860)
Net Assets, beginning of year	<u>19,936,753</u>	<u>19,943,613</u>
Net Assets, end of year	<u>\$17,457,589</u>	<u>\$19,936,753</u>

Program receipts represent only 3.2 percent in 2005 and 3.4 percent in 2004 of total receipts. They are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money, snowplowing fees, building permits and inspection fees and grants for the Cedar Slide project.

General receipts represent 96.8 percent in 2005 and 96.6 percent in 2004 of the Village's total receipts, and of these amounts, only 8.0 percent and 6.9 percent respectively are local taxes. Unrestricted state grants and entitlements, investment income and proceeds from notes issued constitute roughly 90 percent of the Village's general receipts. Other receipts are insignificant revenue sources.

Village of Hunting Valley  
Management's Discussion and Analysis  
For the Years Ended December 31, 2005 and December 31, 2004  
Unaudited

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Disbursements for General Government represent the overhead costs of running the Village and the support services provided for the other Village activities. These include the costs of council, the finance department, maintaining the village hall and police station and the Mayor's department.

Security of Persons and Property are the costs of police and fire protection; Public Health Services represents the Village Cemetery; Community Environment includes the Building Department and costs of maintaining Village owned property and Transportation is the cost of maintaining the roads.

**Governmental Activities**

Review the Statements of Activities on pages 10 and 18, and you will see that the first column in each statement lists the major services provided by the Village. The next column identifies the total costs of providing these services. Excluding Redemption of Principal, the major program disbursements for governmental activities are for security of persons and property; general government, which includes the Mayor's Office, the Finance Department, and other general costs; and Transportation. The next three columns of each Statement entitled Program Receipts identify amounts paid by individuals who directly pay for the service and grants received by the Village that it must use to provide a specific service. The net Receipt (Disbursement) columns show "net costs", amounts representing the costs of each service funded by money provided by local taxpayers and other sources. General receipts, which are presented at the bottom of the Statement, show those receipts by source. Table 3 presents comparisons between 2005 and 2004 and between the total cost of services and the net cost of services. This table highlights a decrease in operating expenses between 2004 and 2005, resulting from a cost reduction plan proposed by Mayor Wheeler and adopted by Council.

(Table 3)

**Governmental Activities**

	2005		2004	
	Cost of Services		Cost of Services	
	Total	Net	Total	Net
General Government	\$776,028	(\$776,028)	\$1,018,468	(\$1,018,468)
Security of Persons and Property	1,181,947	(1,181,947)	1,393,013	(1,393,013)
Public Health Services	21,412	(21,412)	15,986	(15,986)
Community Environment	230,160	(114,885)	246,067	(171,976)
Transportation	506,727	(420,944)	554,212	(473,550)
Capital Outlay	2,458,418	(2,417,642)	585,277	(448,941)
Principal Retirement	4,750,000	(4,750,000)	4,750,000	(4,750,000)
Interest and Fiscal Charges	106,875	(106,875)	68,875	(68,875)
<b>Total Expenses</b>	<u>\$10,031,567</u>	<u>(\$9,789,733)</u>	<u>\$8,631,898</u>	<u>(\$8,340,809)</u>

**The Village's Funds**

In 2005, total governmental funds had general receipts of \$7,310,569 and net disbursements of \$9,789,733. The change within governmental funds is almost exclusively within the General Fund. The fund balance of the General Fund decreased \$2,507,971 as the result of capital outlays for acquiring White North. Excluding capital outlays, the Village operated with a minor deficit amounting to \$49,553, which is .25% of the beginning general fund balance. Capital outlays for land result in the Village owning a valuable, though non-financial asset.

In 2004, total governmental funds had general receipts of \$8,333,949, and net disbursements of \$8,340,809 resulting in a negligible decrease of \$6,860.

Village of Hunting Valley  
Management's Discussion and Analysis  
For the Years Ended December 31, 2005 and December 31, 2004  
Unaudited

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**General Fund Budgeting Highlights**

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

Amendments to the Village's General Fund budget were insignificant and initiated by the County budget commission. In 2005, actual receipts were 5.3 percent above final budgeted receipts and in 2004 actual receipts were below final budgeted receipts by 29.6 percent due to less than expected intergovernmental receipts.

In 2005, disbursements were officially budgeted at \$22,955,000 while actual disbursements were \$5,206,583. In 2004, disbursements were officially budgeted at \$25,175,000 and actual disbursements were \$3,697,890. It is Village policy to appropriate (budget) its total resources (estimated revenue and available fund balance) for any year. It controls its expenses by comparing to an operating budget, which is not related to appropriations, on a monthly basis.

**Capital Assets and Debt Administration**

**Capital Assets**

The Village does not currently keep track of its capital assets, land and infrastructure on the books. It maintains complete records of those assets in the Finance department.

**Debt**

At December 31, 2005 and December 31, 2004, the Village's outstanding debt included \$4,750,000 in bond anticipation notes issued for construction of the new village hall. For further information regarding the Village's debt, refer to Note 7 to the basic financial statements.

**Current Issues**

The Village is fortunate to have sufficient reserves to contribute to its annual spending for operations and capital assets. In 2005 and 2004, the Village reassessed its activities and made significant reductions in its operating budget. The Village is currently evaluating its infrastructure, primarily its road and municipal water distribution systems. It has recently adopted conservation development district zoning to encourage residents to continue to live in the Village in homes that will be easier to maintain. It continues to consider land conservation investments as opportunities arise. In 2005, the Village purchased White North, a 54-acre property to preserve the Chagrin River Road scenescape.

**Contacting the Village's Financial Management**

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

**VILLAGE OF HUNTING VALLEY**  
**CUYAHOGA COUNTY**  
*Statement of Net Assets - Modified Cash Basis*  
*December 31, 2005*

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	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$15,595,179
Investments	<u>1,862,410</u>
<i>Total Assets</i>	<u><u>\$17,457,589</u></u>
<b>Net Assets</b>	
Restricted for:	
Debt Service	\$43,743
Other Purposes	14,536
Unrestricted	<u>17,399,310</u>
<i>Total Net Assets</i>	<u><u>\$17,457,589</u></u>

See accompanying notes to the basic financial statements

**VILLAGE OF HUNTING VALLEY**  
**CUYAHOGA COUNTY**  
*Statement of Activities - Modified Cash Basis*  
*For the Year Ended December 31, 2005*

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
<b>Governmental Activities</b>					
General Government	\$776,028	\$0	\$0	\$0	(\$776,028)
Security of Persons and Property	1,181,947	0	0	0	(1,181,947)
Public Health Services	21,412	0	0	0	(21,412)
Community Environment	230,160	115,275	0	0	(114,885)
Transportation	506,727	52,437	33,346	0	(420,944)
Capital Outlay	2,458,418	0	0	40,776	(2,417,642)
Redemption of Principal	4,750,000	0	0	0	(4,750,000)
Interest and Fiscal Charges	106,875	0	0	0	(106,875)
<i>Total Governmental Activities</i>	<u>\$10,031,567</u>	<u>\$167,712</u>	<u>\$33,346</u>	<u>\$40,776</u>	<u>(9,789,733)</u>
<b>General Receipts</b>					
Property Taxes Levied for:					
General Purposes					583,336
Municipal Income Taxes					8
Grants and Entitlements					
not Restricted to Specific Programs					1,272,493
Notes Issued					4,750,000
Premium on Debt Issue					23,845
Interest					513,968
Miscellaneous					166,919
<i>Total General Receipts</i>					7,310,569
Change in Net Assets					(2,479,164)
<i>Net Assets Beginning of Year</i>					19,936,753
<i>Net Assets End of Year</i>					<u>\$17,457,589</u>

See accompanying notes to the basic financial statements

**VILLAGE OF HUNTING VALLEY**  
**CUYAHOGA COUNTY**  
*Statement of Modified Cash Basis Assets and Fund Balances*  
*Governmental Funds*  
*December 31, 2005*

	<u>General</u>	<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$15,536,900	\$43,743	\$14,536	\$15,595,179
Investments	1,862,410	0	0	1,862,410
<i>Total Assets</i>	<u>\$17,399,310</u>	<u>\$43,743</u>	<u>\$14,536</u>	<u>\$17,457,589</u>
<b>Fund Balances</b>				
Unreserved:				
Undesignated (Deficit), Reported in:				
General Fund	\$17,399,310	\$0	\$0	\$17,399,310
Special Revenue Funds	0	0	14,536	14,536
Debt Service Fund	0	43,743	0	43,743
<i>Total Fund Balances</i>	<u>\$17,399,310</u>	<u>\$43,743</u>	<u>\$14,536</u>	<u>\$17,457,589</u>

See accompanying notes to the basic financial statements

**VILLAGE OF HUNTING VALLEY**  
**CUYAHOGA COUNTY**  
*Reconciliation of Total Governmental Fund Balances to*  
*Net Assets of Governmental Activities*  
*December 31, 2005*

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<b>Total Governmental Fund Balances</b>	<u>\$17,457,589</u>
<i>Net Assets of Governmental Activities</i>	<u>\$17,457,589</u>

See accompanying notes to the basic financial statements



**VILLAGE OF HUNTING VALLEY  
CUYAHOGA COUNTY**

*Statement of Cash Receipts, Disbursements and Changes in Modified-Cash Basis Fund Balances  
Governmental Funds*

*For the Year Ended December 31, 2005*

	General	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>				
Municipal Income Taxes	\$8	\$0	\$0	\$8
Property and Other Local Taxes	583,336	0	0	583,336
Charges for Services	52,437	0	0	52,437
Fines, Licenses and Permits	115,275	0	0	115,275
Intergovernmental	1,313,269	0	33,346	1,346,615
Interest	513,968	0	0	513,968
Miscellaneous	166,919	0	0	166,919
<i>Total Receipts</i>	<u>2,745,212</u>	<u>0</u>	<u>33,346</u>	<u>2,778,558</u>
<b>Disbursements</b>				
Current:				
General Government	729,428	0	0	729,428
Security of Persons and Property	1,181,947	0	0	1,181,947
Public Health Services	21,412	0	0	21,412
Community Environment	230,160	0	0	230,160
Transportation	478,343	0	28,384	506,727
Capital Outlay	2,458,418	0	0	2,458,418
Debt Service:				
Principal Retirement	0	4,750,000	0	4,750,000
Interest and Fiscal Charges	106,875	0	0	106,875
<i>Total Disbursements</i>	<u>5,206,583</u>	<u>4,750,000</u>	<u>28,384</u>	<u>9,984,967</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(2,461,371)</u>	<u>(4,750,000)</u>	<u>4,962</u>	<u>(7,206,409)</u>
<b>Other Financing Sources (Uses)</b>				
Notes Issued	0	4,750,000	0	4,750,000
Premium on Debt Issue	0	23,845	0	23,845
Other Financing Uses	(46,600)	0	0	(46,600)
<i>Total Other Financing Sources (Uses)</i>	<u>(46,600)</u>	<u>4,773,845</u>	<u>0</u>	<u>4,727,245</u>
<i>Net Change in Fund Balances</i>	(2,507,971)	23,845	4,962	(2,479,164)
<i>Fund Balances Beginning of Year</i>	<u>19,907,281</u>	<u>19,898</u>	<u>9,574</u>	<u>19,936,753</u>
<i>Fund Balances End of Year</i>	<u><u>\$17,399,310</u></u>	<u><u>\$43,743</u></u>	<u><u>\$14,536</u></u>	<u><u>\$17,457,589</u></u>

See accompanying notes to the basic financial statements

**VILLAGE OF HUNTING VALLEY  
CUYAHOGA COUNTY**

*Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Fiscal Year Ended December 31, 2005*

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<b>Net Change in Fund Balances - Total Governmental Funds</b>	<u><u>(\$2,479,164)</u></u>
<i>Change in Net Assets of Governmental Activities</i>	<u><u>(\$2,479,164)</u></u>

See accompanying notes to the basic financial statements

**VILLAGE OF HUNTING VALLEY**  
**CUYAHOGA COUNTY**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*General Fund*  
*For the Year Ended December 31, 2005*

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	
<b>Receipts</b>			
Municipal Income Taxes	\$0	\$0	\$8
Property and Other Local Taxes	668,439	668,372	654,187
Charges for Services	50,000	50,000	52,437
Fines, Licenses, and Permits	78,900	78,900	115,275
Intergovernmental	1,200,000	1,200,000	1,242,418
Interest	500,000	500,000	513,968
Other	110,000	110,000	166,919
<i>Total receipts</i>	<u>2,607,339</u>	<u>2,607,272</u>	<u>2,745,212</u>
<b>Disbursements</b>			
Current:			
General Government	9,050,000	9,050,000	729,428
Security of Persons and Property	1,540,000	1,540,000	1,181,947
Public Health Services	25,000	25,000	21,412
Community Environment	350,000	350,000	230,160
Transportation	690,000	690,000	478,343
Capital Outlay	11,150,000	11,150,000	2,458,418
Debt Service:			
Interest and Fiscal Charges	150,000	150,000	106,875
<i>Total Disbursements</i>	<u>22,955,000</u>	<u>22,955,000</u>	<u>5,206,583</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(20,347,661)</u>	<u>(20,347,728)</u>	<u>(2,461,371)</u>
<b>Other Financing Sources (Uses)</b>			
Other Financing Uses	(50,000)	(50,000)	(46,600)
<i>Total Other Financing Sources (Uses)</i>	<u>(50,000)</u>	<u>(50,000)</u>	<u>(46,600)</u>
<i>Net Change in Fund Balance</i>	(20,397,661)	(20,397,728)	(2,507,971)
<i>Fund Balance Beginning of Year</i>	<u>19,907,281</u>	<u>19,907,281</u>	<u>19,907,281</u>
<i>Fund Balance End of Year</i>	<u>(\$490,380)</u>	<u>(\$490,447)</u>	<u>\$17,399,310</u>

**VILLAGE OF HUNTING VALLEY**  
**CUYAHOGA COUNTY**  
*Statement of Fiduciary Net Assets - Modified Cash Basis*  
*Fiduciary Funds*  
*December 31, 2005*

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	<u>Agency</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$204,149
<i>Total Assets</i>	<u>\$204,149</u>
<b>Net Assets</b>	
Unrestricted	<u>\$204,149</u>

See accompanying notes to the basic financial statements

**VILLAGE OF HUNTING VALLEY**  
**CUYAHOGA COUNTY**  
*Statement of Net Assets - Modified Cash Basis*  
*December 31, 2004*

	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$18,246,718
Investments	1,690,035
<i>Total Assets</i>	<i>\$19,936,753</i>
 <b>Net Assets</b>	
Restricted for:	
Debt Service	\$19,898
Other Purposes	9,574
Unrestricted	19,907,281
<i>Total Net Assets</i>	<i>\$19,936,753</i>

See accompanying notes to the basic financial statements

**VILLAGE OF HUNTING VALLEY**  
**CUYAHOGA COUNTY**  
*Statement of Activities - Modified Cash Basis*  
*For the Year Ended December 31, 2004*

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>					
General Government	\$1,018,468	\$0	\$0	\$0	(\$1,018,468)
Security of Persons and Property	1,393,013	0	0	0	(1,393,013)
Public Health Services	15,986	0	0	0	(15,986)
Community Environment	246,067	74,091	0	0	(171,976)
Transportation	554,212	53,150	27,512	0	(473,550)
Capital Outlay	585,277	0	0	136,336	(448,941)
Redemption of Principal	4,750,000	0	0	0	(4,750,000)
Interest and Fiscal Charges	68,875	0	0	0	(68,875)
<i>Total Governmental Activities</i>	<u>\$8,631,898</u>	<u>\$127,241</u>	<u>\$27,512</u>	<u>\$136,336</u>	<u>(8,340,809)</u>
		<b>General Receipts</b>			
		Property Taxes Levied for:			
					572,609
					4,547
					2,523,177
					4,750,000
					11,685
					242,511
					<u>229,420</u>
					8,333,949
					(6,860)
					<u>19,943,613</u>
					<u>\$19,936,753</u>

See accompanying notes to the basic financial statements

**VILLAGE OF HUNTING VALLEY**  
**CUYAHOGA COUNTY**  
*Statement of Modified Cash Basis Assets and Fund Balances*  
*Governmental Funds*  
*December 31, 2004*

	General	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$18,217,246	\$19,898	\$9,574	\$18,246,718
Investments	1,690,035	0	0	1,690,035
<i>Total Assets</i>	<u>\$19,907,281</u>	<u>\$19,898</u>	<u>\$9,574</u>	<u>\$19,936,753</u>
<b>Fund Balances</b>				
Unreserved:				
Undesignated, Reported in:				
General Fund	\$19,907,281	\$0	\$0	19,907,281
Special Revenue Funds	0	0	9,574	9,574
Debt Service Fund	0	19,898	0	19,898
<i>Total Fund Balances</i>	<u>\$19,907,281</u>	<u>\$19,898</u>	<u>\$9,574</u>	<u>\$19,936,753</u>

See accompanying notes to the basic financial statements

**VILLAGE OF HUNTING VALLEY**  
**CUYAHOGA COUNTY**  
*Reconciliation of Total Governmental Fund Balances to*  
*Net Assets of Governmental Activities*  
*December 31, 2004*

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<b>Total Governmental Fund Balances</b>	<u>\$19,936,753</u>
<i>Net Assets of Governmental Activities</i>	<u>\$19,936,753</u>

See accompanying notes to the basic financial statements



**VILLAGE OF HUNTING VALLEY  
CUYAHOGA COUNTY**

*Statement of Cash Receipts, Disbursements and Changes in Modified-Cash Basis Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2004*

	General	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>				
Municipal Income Taxes	\$4,547	\$0	\$0	\$4,547
Property and Other Local Taxes	572,609	0	0	572,609
Charges for Services	53,150	0	0	53,150
Fines, Licenses and Permits	74,091	0	0	74,091
Intergovernmental	2,659,513	0	27,512	2,687,025
Interest	242,511	0	0	242,511
Miscellaneous	229,420	0	0	229,420
<i>Total Receipts</i>	<u>3,835,841</u>	<u>0</u>	<u>27,512</u>	<u>3,863,353</u>
<b>Disbursements</b>				
Current:				
General Government	876,804	0	0	876,804
Security of Persons and Property	1,393,013	0	0	1,393,013
Public Health Services	15,986	0	0	15,986
Community Environment	246,067	0	0	246,067
Transportation	511,868	0	42,344	554,212
Capital Outlay	585,277	0	0	585,277
Debt Service:				
Principal Retirement	0	4,750,000	0	4,750,000
Interest and Fiscal Charges	68,875	0	0	68,875
<i>Total Disbursements</i>	<u>3,697,890</u>	<u>4,750,000</u>	<u>42,344</u>	<u>8,490,234</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>137,951</u>	<u>(4,750,000)</u>	<u>(14,832)</u>	<u>(4,626,881)</u>
<b>Other Financing Sources (Uses)</b>				
Notes Issued	0	4,750,000	0	4,750,000
Premium (Discount) on Debt Issue	0	11,685	0	11,685
Other Financing Uses	(141,664)	0	0	(141,664)
<i>Total Other Financing Sources (Uses)</i>	<u>(141,664)</u>	<u>4,761,685</u>	<u>0</u>	<u>4,620,021</u>
<i>Net Change in Fund Balances</i>	(3,713)	11,685	(14,832)	(6,860)
<i>Fund Balances Beginning of Year</i>	<u>19,910,994</u>	<u>8,213</u>	<u>24,406</u>	<u>19,943,613</u>
<i>Fund Balances End of Year</i>	<u>\$19,907,281</u>	<u>\$19,898</u>	<u>\$9,574</u>	<u>\$19,936,753</u>

See accompanying notes to the basic financial statements

**VILLAGE OF HUNTING VALLEY  
CUYAHOGA COUNTY**

*Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Fiscal Year Ended December 31, 2004*

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<b>Net Change in Fund Balances - Total Governmental Funds</b>	<u>(\$6,860)</u>
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<i>Change in Net Assets of Governmental Activities</i>	<u>(\$6,860)</u>
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See accompanying notes to the basic financial statements

**VILLAGE OF HUNTING VALLEY**  
**CUYAHOGA COUNTY**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -Budget Basis*  
*General Fund*  
*For the Year Ended December 31, 2004*

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	
<b>Receipts</b>			
Municipal Income Taxes	\$0	\$0	\$4,547
Property and Other Local Taxes	630,329	630,329	643,313
Charges for Services	51,083	51,083	53,150
Fines, Licenses, and Permits	77,300	77,300	74,091
Intergovernmental	4,219,654	4,219,654	2,588,809
Interest	300,000	300,000	242,511
Other	173,776	173,776	229,420
<i>Total receipts</i>	<u>5,452,142</u>	<u>5,452,142</u>	<u>3,835,841</u>
<b>Disbursements</b>			
Current:			
General Government	11,055,000	11,055,000	876,804
Security of Persons and Property	2,200,000	2,200,000	1,393,013
Public Health Services	20,000	20,000	15,986
Community Environment	350,000	350,000	246,067
Transportation	1,060,000	1,060,000	511,868
Capital Outlay	10,340,000	10,340,000	585,277
Debt Service:			
Interest and Fiscal Charges	150,000	150,000	68,875
<i>Total Disbursements</i>	<u>25,175,000</u>	<u>25,175,000</u>	<u>3,697,890</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(19,722,858)</u>	<u>(19,722,858)</u>	<u>137,951</u>
<b>Other Financing Sources (Uses)</b>			
Other Financing Uses	(150,000)	(150,000)	(141,664)
<i>Total Other Financing Sources (Uses)</i>	<u>(150,000)</u>	<u>(150,000)</u>	<u>(141,664)</u>
<i>Net Change in Fund Balance</i>	(19,872,858)	(19,872,858)	(3,713)
<i>Fund Balance Beginning of Year</i>	<u>19,910,994</u>	<u>19,910,994</u>	<u>19,910,994</u>
<i>Fund Balance End of Year</i>	<u><u>\$38,136</u></u>	<u><u>\$38,136</u></u>	<u><u>\$19,907,281</u></u>

**VILLAGE OF HUNTING VALLEY**  
**CUYAHOGA COUNTY**  
*Statement of Fiduciary Net Assets - Modified Cash Basis*  
*Fiduciary Funds*  
*December 31, 2004*

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	<u>Agency</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$179,796
<i>Total Assets</i>	<u>\$179,796</u>
<b>Net Assets</b>	
Unrestricted	<u>\$179,796</u>

See accompanying notes to the basic financial statements

**VILLAGE OF HUNTING VALLEY  
CUYAHOGA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004**

**NOTE 1. DESCRIPTION OF THE ENTITY**

The Village of Hunting Valley, Cuyahoga County, Ohio (the Village) is a body corporate and politic 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 publicly elected six-member Council. The Village provides general governmental services, including road maintenance, building inspections, and police protection. The Village contracts with the Village of Chagrin Falls Suburban Fire Department to provide fire protection and ambulance services.

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

**Northeast Ohio Public Energy Council**

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

NOPEC is governed by a General Assembly made up of one representative from each member community. The representatives from each county then elect one person to serve on the eight-member NOPEC Board of Directors. The Board oversees and manages the operation of the aggregation program. The degree of control exercised by any participating government is limited to its representation in the General Assembly and on the Board. The Village did not contribute to NOPEC during 2005 or 2004. Financial information can be obtained by contacting NOPEC, 1615 Clarke Avenue, Cleveland, Ohio 44109.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Basis of Accounting**

These financial statements follow a modified cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. This basis recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

These statements adequately disclose material matters the Auditor of State prescribes.

**B. Fund Accounting**

The Village uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain functions or activities. A fund is a fiscal and accounting entity with a self-balancing set of accounts. The Village's funds are classified as either governmental or fiduciary.

**VILLAGE OF HUNTING VALLEY  
CUYAHOGA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(CONTINUED)**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Fund Accounting (Continued)**

***Governmental Funds***

Governmental funds are those through which most governmental functions are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. The following are the Village's major governmental funds:

**General Fund** – This fund is the general operating fund. It is used to account for financial resources except those required to be accounted for in another fund.

**Debt Service Fund** – This fund receives proceeds of Bond Anticipation Notes sold and disburses payment for maturing Bond Anticipation Notes.

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

***Fiduciary Funds***

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the Village under a trust agreement for individuals, private organizations or other governmental entities and are therefore not available to support the Village's own programs. The Village has no trust funds. Agency funds are custodial in nature, where the Village deposits and pays cash as required by agreement with another entity or individual. The Village's agency funds include the Construction Guarantee Deposit Fund, the Tower Deposit Fund and a Special Improvement Fund.

**C. Basis of Presentation**

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

***Government-wide Financial Statements*** The statements of net assets and the statements of activities display information about the Village as a whole. These statements include all financial activities of the Village, except for fiduciary funds.

The statements of net assets present the financial condition of the governmental activities of the Village at December 31, 2005 and December 31, 2004. Each statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Village's governmental activities. Program Cash Receipts include monies provided by the recipient of the services offered by the program, grants and contributions that are restricted to meeting the operations or capital requirements of a particular program. Revenues classified as other than program revenues are presented as general revenues of the Village, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which the governmental programs are self-financing or draw from the general revenues of the Village.

**VILLAGE OF HUNTING VALLEY  
CUYAHOGA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(CONTINUED)**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Basis of Presentation (Continued)**

***Fund Financial Statements*** The Village segregates transactions related to certain Village functions or activities in separate funds in order 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 fund financial statements is on major funds. Each major fund is presented in a separate column. Fiduciary funds are reported by type.

**D. Cash and Investments**

Investments are included in fund balances. 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 disbursements, respectively. The Village invested in a Sweep Account and Agency Securities, which are valued at cost.

**E. Inventory**

On the modified cash basis of accounting, inventories of supplies are reported as disbursements when purchased.

**F. Property, Plant and Equipment**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. The accompanying financial statements do not report these items as assets.

**G. Accumulated Leave**

In certain circumstances, such as upon leaving employment, 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.

**H. Net Assets**

The financial statements report restricted net assets when contributors, grantors, or other external factors impose limitations in their use.

**I. Budgetary Process**

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

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund and function level of control in all funds, and appropriations may not exceed estimated resources. The Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year-end.

**VILLAGE OF HUNTING VALLEY  
CUYAHOGA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(CONTINUED)**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**I. Budgetary Process (Continued)**

**2. Estimated Resources**

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

**3. Encumbrances**

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year-end are canceled and re-appropriated in the subsequent year.

**NOTE 3. CHANGE IN BASIS OF ACCOUNTING**

In fiscal year 2003, the Village reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. For the fiscal years 2004 and 2005, the Village has implemented the modified cash basis of accounting described in Note 2. The fund financial statements now present each major fund in a separate column with nonmajor funds aggregated and presented in a single column, rather than a column for each fund type.

**NOTE 4. DEPOSITS AND INVESTMENTS**

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;



**VILLAGE OF HUNTING VALLEY  
CUYAHOGA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(CONTINUED)**

**NOTE 4. DEPOSITS AND INVESTMENTS (Continued)**

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

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

**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 2005 and 2004, the Village had book balances of \$15,799,328 and \$18,426,514 respectively. Of the Village's 2005 bank balance of \$15,887,598, \$15,387,598 was uninsured and uncollateralized, except as described in the following paragraph. Of the Village's 2004 bank balance of \$18,551,275, \$18,051,275 was uninsured and uncollateralized, except as described in the following paragraph. Although the securities were held by the pledging institution's trust department and all statutory requirements for the investment of money had been followed, noncompliance with Federal requirements could potentially subject the Village to a successful claim by the FDIC.

With respect to custodial risk, the Village follows 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.

**VILLAGE OF HUNTING VALLEY  
CUYAHOGA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(CONTINUED)**

**NOTE 4. DEPOSITS AND INVESTMENTS (Continued)**

**Investments**

As of December 31, 2005, the Village had the following investments:

Investment Type	Carrying Value	Investment Maturity
FHLB	1,000,000	13 Months
FHLMC	80,650	41 Months
FNMA	31,371	21 Months
GNMA	245,571	28 Months
Repurchase Agreement -Sweep Account	504,818	1 day
Total	<u>\$ 1,862,410</u>	

The weighted average maturity is 13 months.

As of December 31, 2004, the Village had the following investments:

Investment Type	Carrying Value	Investment Maturity
FHLMC	1,005,810	9 Months
FHLMC	119,481	34 Months
FNMA	40,497	25 Months
GNMA	263,184	34 Months
Repurchase Agreement -Sweep Account	261,063	1 day
Total	<u>\$ 1,690,035</u>	

The weighted average maturity is 14 months.

*Interest Rate Risk:* As a means of limiting its exposure to fair value losses arising from rising interest rates as a Charter village, the Village's investment policy limits Treasury investments to maturities of no more than ten years and Agency investments that its investment manager reasonably believes will have an average life of no more than ten years.

*Credit Risk:* The Village's investments were rated AAA and Aaa by Standard & Poor's and Moody's Investor Services, respectively.

*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 investment or collateral securities that are in the possession of an outside party. Of the Village's investment in repurchase agreements, the entire balance is collateralized by underlying securities that are held by the investment's counterparty, not in the name of the Village.

*Concentration of Risk:* The Village places no limit on the amount that may be invested in any one issuer. The Village investments in FHLB, FHLMC, FNMA, GNMA and Repurchase Agreements represent 54%, 4%, 2%, 13% and 27% respectively in 2005. The Village investments in FHLMC, FNMA, GNMA and repurchase Agreements represent 67%, 2%, 16% and 15% respectively in 2004.

VILLAGE OF HUNTING VALLEY  
CUYAHOGA COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(CONTINUED)

**NOTE 5. COMPLIANCE**

**A. Appropriations Exceeded Estimated Resources**

As of September 30, 2005 and December 31, 2005, the General Fund had appropriations in excess of estimated resources in the amount of \$490,447, in violation of Section 5705.39, revised code.

**B. Expenditures and Encumbrances Exceeded Appropriations**

The following funds had expenditures plus encumbrances exceeding appropriations: The Street Construction Maintenance and Repair, and State Highway special revenue funds had expenditures plus encumbrances exceeding appropriations as of December 31, 2004 in the amounts of \$4,545 and \$1,800 respectively. The General Fund – Service Supplies and Materials line item had expenditures plus encumbrances exceeding appropriations as of September 30, 2005 and December 31, 2005 in the amounts of \$1,245 and \$14,151 respectively.

**NOTE 6. PROPERTY TAX**

Real property taxes become a lien on January 1 proceeding the October 1 date for which rates are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid to the Village by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, the first half is due December 31. The second half payment is due the following June 20.

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

**NOTE 7. LOCAL INCOME TAX**

The Village repealed its Municipal Income Tax as of January 1, 2003.

**NOTE 8. DEBT**

Debt outstanding as of December 31, 2005

	<u>Principal</u>	<u>Maturity</u>	<u>Interest Rate</u>
2005 Village Hall Construction Note	<u>\$4,750,000</u>	October 6, 2006	3.75%

**VILLAGE OF HUNTING VALLEY  
CUYAHOGA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(CONTINUED)**

**NOTE 9. RETIREMENT SYSTEMS**

**Ohio Police and Fire Pension and Ohio Public Employees Retirement System**

The Village's full time law enforcement officers belong to the Ohio Police and Fire Pension Funds (OP&F). Other employees belong to the Ohio Public Employees Retirement System of Ohio (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2005 and 2004, OP&F participants contributed 10% of their wages. The Village contributed an amount equal to 19.5% of police participant wages. OPERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of participants' gross salaries for 2005 and 2004. The Village has paid all contributions required through December 31, 2005 and December 31, 2004.

**NOTE 10. RISK MANAGEMENT**

**Commercial Insurance**

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles, Law Enforcement Liability; and
- Errors and omissions.

The Village also provides health insurance and dental and vision coverage to full-time employees and part-time employees working more than 25 hours per week through a private carrier.



## Auditor of State Betty Montgomery

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

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

To the Village Council:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Hunting Valley, Cuyahoga County, Ohio, (the Village) as of and for the years ended December 31, 2005 and December 31, 2004, which collectively comprise the Village's basic financial statements and have issued our report thereon dated July 14, 2006, wherein we noted the Village adopted Government Accounting Standards Board No. 34. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

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

In planning and performing our audit, we considered the Village's internal control over financial reporting to determine our auditing procedures in order to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Village's management dated July 14, 2006, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

#### **Compliance and Other Matters**

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*. In a separate letter to the Village's management dated July 14, 2006, we reported other matters related to noncompliance we deemed immaterial.

We intend this report solely for the information and use of management and the Village Council. It is not intended for anyone other than these specified parties.

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

**Betty Montgomery**  
Auditor of State

July 14, 2006

**VILLAGE OF HUNTING VALLEY  
CUYAHOGA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2005 AND DECEMBER 31, 2004**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2003-001	Ohio Revised Code Section 5705.39 – Appropriations Exceeding Estimated Resources	Not fully corrected	Re-issued in the management letter.
2003-002	Ohio Revised Code Section 5705.41(B) and (D) – Expenditures Plus Encumbrances Exceeding Appropriations	Not fully corrected	Re-issued in the management letter.







**Auditor of State  
Betty Montgomery**

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800-282-0370

Facsimile 614-466-4490

**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 29, 2006**