

ORANGE VILLAGE

CUYAHOGA COUNTY, OHIO

REGULAR AUDIT

For the Years Ended December 31, 2023 and 2022





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Columbus, Ohio 43215
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Village Council
Orange Village
4600 Lander Road
Orange Village, Ohio 44022

We have reviewed the *Independent Auditor's Report* of Orange Village, Cuyahoga County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2022 through December 31, 2023. 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. Orange Village is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

May 30, 2024

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**ORANGE VILLAGE
CUYAHOGA COUNTY
Regular Audit
For the Years Ended December 31, 2023 and 2022**

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INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of Orange Village, Cuyahoga County, Ohio (the Village), which comprise the cash balances, receipts and disbursements for each governmental type as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2023 and 2022, or the changes in financial position, thereof for the years then ended.

Basis for Opinions

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

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

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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


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

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 15, 2024 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Charles E. Harris & Associates, Inc.
May 15, 2024

Orange Village, Ohio
Cuyahoga County

**Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2023**

	General	Special Revenue	Debt Service	Capital Projects	Total (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$ 1,606,882	\$ 62,784	\$ -	\$ 774,361	\$ 2,444,027
Payments in Lieu of Taxes	-	3,876,255	-	-	3,876,255
Municipal Income Tax	7,832,580	-	-	-	7,832,580
Intergovernmental	160,432	251,509	-	370,005	781,946
Special Assessments	-	-	959,144	-	959,144
Charges for Services	181,339	-	-	-	181,339
Fines, Licenses and Permits	641,483	2,200	-	9,750	653,433
Earnings on Investments	443,649	18,892	-	-	462,541
Miscellaneous	281,007	-	-	495,271	776,278
Total Cash Receipts	11,147,372	4,211,640	959,144	1,649,387	17,967,543
Cash Disbursements					
Current:					
Security of Persons and Property	3,636,308	672,735	-	-	4,309,043
Community Environment	622,027	-	-	-	622,027
Basic Utility Services	274,902	-	-	-	274,902
Transportation	1,016,553	-	-	1,241	1,017,794
General Government	2,404,521	-	-	-	2,404,521
Capital Outlay	-	441,688	-	1,914,933	2,356,621
Debt Service:					
Principal Retirement	-	-	591,988	-	591,988
Interest and Fiscal Charges	-	-	336,775	-	336,775
Total Cash Disbursements	7,954,311	1,114,423	928,763	1,916,174	11,913,671
Excess of Receipts Over (Under) Disbursements	3,193,061	3,097,217	30,381	(266,787)	6,053,872
Other Financing Receipts (Disbursements)					
Other Financing Uses - Pinecrest Debt Service	-	(3,138,111)	-	-	(3,138,111)
Other Financing Uses - Pinecrest	-	(570,772)	-	-	(570,772)
Transfers In	-	325,000	9,508	608,000	942,508
Transfers Out	(933,000)	-	-	(9,508)	(942,508)
Total Other Financing Receipts (Disbursements)	(933,000)	(3,383,883)	9,508	598,492	(3,708,883)
Net Change in Fund Cash Balances	2,260,061	(286,666)	39,889	331,705	2,344,989
Fund Cash Balances, January 1	6,614,297	1,248,587	564,051	3,920,246	12,347,181
Fund Cash Balances, December 31	\$ 8,874,358	\$ 961,921	\$ 603,940	\$ 4,251,951	\$ 14,692,170

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

Orange Village, Ohio
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 1 – Reporting Entity

Orange Village (the Village), Cuyahoga County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides general government services, including police, fire, rubbish, snow removal, building inspections, and recreation programs.

Jointly Governed Organizations

The Village participates in jointly governed organizations. Note 12 to the financial statements provides additional information for these entities.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

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

Street Construction Maintenance and Repair The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

Police Pension Fund The police pension fund accounts for property taxes and transfers from the General Fund which is used to pay police obligations.

American Rescue Plan Fund The American Rescue Plan Fund accounts for received money from the federal government allocated to non-entitlement entities provided by the Coronavirus Local Fiscal Recovery Fund.

Orange Village, Ohio
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 2 – Summary of Significant Accounting Policies (Continued)

Debt Service Funds This fund accounts for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following significant Debt Service Fund:

General Obligation Bond Retirement Fund The Village’s General Obligation Bond Retirement Fund receives special assessment receipts and transfers from the Infrastructure Levy Fund which are used to retire bond and note debt.

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

Capital Equipment Fund The capital equipment fund is used to fund major expenditures to purchase equipment and vehicles.

Infrastructure Levy Fund The Infrastructure Levy Fund is used to account for the construction and maintenance of the Village’s infrastructure including Village roads, drainage and water.

Basis of Accounting

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

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

Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

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

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

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

Orange Village, Ohio
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 2 – Summary of Significant Accounting Policies (Continued)

A summary of 2023 budgetary activity appears in Note 3.

Deposits and Investments

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

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

Capital Assets

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

Accumulated Leave

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

Leases

The Village is the lessee in various leases (as defined by GASB 87) related to other equipment under noncancelable leases. Lease disbursements are recognized when they are paid.

Fund Balance

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

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

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

Orange Village, Ohio
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 2 – Summary of Significant Accounting Policies (Continued)

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

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

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

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 13.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2023 follows:

2023 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 10,209,917	\$ 11,147,372	\$ 937,455
Special Revenue	4,470,811	4,536,640	65,829
Debt Service	940,000	968,652	28,652
Capital Projects	1,896,210	2,257,387	361,177

2023 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 9,877,121	\$ 8,887,311	\$ 989,810
Special Revenue	4,880,416	4,823,306	57,110
Debt Service	1,029,000	928,763	100,237
Capital Projects	2,269,508	1,925,682	343,826

Orange Village, Ohio
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 4– Deposits and Investments

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

	<u>2023</u>
Demand deposits	\$ 25,603
Certificates of deposit	<u>8,254,570</u>
Total deposits	8,280,173
STAR OHIO	<u>6,411,997</u>
Total deposits and investments	<u>\$ 14,692,170</u>

The Village does not have a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2023, the Village is holding \$10,396 in unremitted employee payroll withholdings.

Deposits

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

Investments

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

The Village’s financial institution provides custody of investment securities which are held in the name of the Village. Investments may be composed of negotiable certificates of deposit, federal agency securities and/or institutional government money market mutual funds.

Note 5 – Taxes

Property Taxes

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

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

Orange Village, Ohio
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 5 – Taxes (Continued)

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

Income Taxes

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

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

Pinecrest TIF

On March 26, 2017, the Village entered into an agreement with the Cleveland-Cuyahoga County Port Authority and Pinecrest Project Partners LLC (the “Developer”), the developer of the commercial portion of Pinecrest, a mixed use project in the Village, whereby certain parcels of real property located in the Village will have improvements made to them and be exempted from real property taxation for thirty years. As part of this agreement the Village will pay its portion of the TIF receipts to the Cleveland-Cuyahoga County Port Authority as part of the debt service payments on bonds issued for the project. The Village has also agreed to pay the School District a portion of the TIF receipts as part of revenue on improvements to the property. In addition, the Village has agreed to pay the School District a portion of municipal income taxes received by the Village and derived from ongoing operations of the commercial portion of the project.

Note 6 – Risk Management

Workers’ Compensation

Workers’ Compensation coverage is provided by the State of Ohio. The Village pays the State Workers’ Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

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

Orange Village, Ohio
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2023.

Ohio Police and Fire Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages. The Village has paid all contributions required through December 31, 2023.

Social Security

The Village's part-time fire fighters hired after August 3, 1992 contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2023.

Note 8 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. OP&F uses a stipend-based health care model. A stipend funded by OP&F is placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses. For calendar year 2023, the portion of OPERS employer contributions allocated to health care is 0 percent for members in the traditional pension plan and 2 percent for members in the combined plan. For 2023, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4 percent; however, a portion of the health care rate was funded with reserves. OP&F contributes .5 percent to fund these benefits.

Note 9 – Debt

Debt outstanding at December 31, 2023, was as follows:

Orange Village, Ohio
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 9 – Debt (Continued)

	Principal	Interest Rate
General Obligation Bonds:		
Orange Place South Extension Bonds	\$ 130,000	2.25% - 5.125%
VP-Orange Place/Emery Rd. Refunded Bonds	254,000	2.61%
Cuyahoga County - Chagrin Highlands Bonds	146,758	3%
Recreation Trails	4,945,000	4% - 5%
Loans:		
OPWC Loan - Orange Place North	15,178	0%
OWDA Loan - #3266	135,055	4%
OWDA Loan - #3271	80,745	4%
Total	\$ 5,706,736	

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

The Village issued Various Purpose Refunding Bonds in 2019 in the amount of \$799,000 at an interest rate of 2.61 percent to refinance the Orange Place North and Emery Road Improvement Bonds. The Orange Place North Bonds were issued in 2006 for \$705,000 for the purpose of improving a portion of Orange Place by repaving, widening and installing sidewalks, curbs, landscaping and streetscaping. The Emery Road Improvement Bonds were issued in 2007 for \$720,000 for the purpose of improving Emery Road by installing watermains and connections. The bonds are being repaid in semiannual installments, including interest, through 2027 through special assessments.

The Cuyahoga County bonds for Chagrin Highland relate to an agreement entered into in 1999 between Cuyahoga County and the Village to construct the extension of Orange Place South to Harvard Road. The County issued \$1,711,000 of bonds in 2004 and refinanced in 2012 and 2020. The Village was required to issue special assessments on the benefiting properties to retire them. The bonds are being repaid in semiannual installments, including interest, over 20 years through special assessments.

The Recreation Trails Bonds relate to an agreement entered into in 2015 between Orange Village and Walnut Hills (Pinecrest) for the construction of all-purpose trails serving the Village. The Village issued \$5,050,000 of bonds in 2022. The bonds are being repaid in semiannual installments, including interest, over 20 years through special assessments.

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

Orange Village, Ohio
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 9 – Debt (Continued)

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

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

Amortization

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

Year Ending December 31:	Orange Place South Extention	Orange Place/ Emery Rd.	Cuyahoga/ Chagrin Highlands	Recreation Trails	OPWC Orange Place North	OWDA #3266	OWDA #3271	Total
2024	\$ 136,663	\$ 128,629	\$ 151,158	\$ 381,700	\$ 5,059	\$ 93,140	\$ 55,685	\$ 952,034
2025	0	63,445	0	383,200	5,059	47,375	28,324	527,403
2026	0	65,879	0	383,700	5,060	0	0	454,639
2027	0	8,209	0	389,450	0	0	0	397,659
2028	0	0	0	379,450	0	0	0	379,450
2029 - 2033	0	0	0	1,902,750	0	0	0	1,902,750
2034 - 2038	0	0	0	1,912,000	0	0	0	1,912,000
2039 - 2042	0	0	0	1,532,000	0	0	0	1,532,000
Total	\$ 136,663	\$ 266,162	\$ 151,158	\$ 7,264,250	\$ 15,178	\$ 140,515	\$ 84,009	\$ 8,057,935

Note 10 – Contingent Liabilities

The Village is at times party to various legal proceedings. Although management cannot presently determine the outcome of these proceedings, the Village’s management is of the opinion that the ultimate outcome of such litigation will not have a material adverse effect on the Village’s financial position.

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

Orange Village, Ohio
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 11 – Joint Economic Development Zone Agreement

The Village has a Joint Economic Development Zone Agreement with the Cities of Cleveland and Warrensville Heights entered into pursuant to Ohio Revised Code Section 715.69. The City of Cleveland owns property currently situated in the City of Warrensville Heights and the Village, and desires to develop the property to create job opportunities as well as tax and other revenue. The Village is responsible for providing municipal services. The three municipalities have agreed to share in the zone agreement income tax revenues generated from this agreement. The City of Cleveland, City of Warrensville Heights and the Village will receive 37.5%, 12.5% and 50%, respectively, of the income tax revenue. The Village administers this income tax. During 2023, \$673,203 of gross zone agreement income tax revenue was collected.

Note 12 – Jointly Governed Organizations

Chagrin Valley Dispatch Regional Council of Governments

The Village is a member of the Chagrin Valley Dispatch (CVD). CVD is a regional council of governments formed under Chapter 167 of the ORC. 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). Participation in CVD was initially limited to political subdivisions located with the Chagrin Valley that are currently receiving public dispatch services. It is currently comprised of approximately 30 communities. It is authorized to perform all functions necessary to improve, maintain and operate the RCC including entering into contractual arrangements for necessary services; to employ staff; purchase, lease or otherwise provide for supplies, materials and equipment and facilities; accept and raise public and private funding; and any and all other powers and authorities available pursuant to Chapter 167 of the ORC. Participating political subdivisions appoint one representative to CVD. Each member of CVD is entitled to one vote on each item under consideration by the board. During 2023, the Village contributed \$289,897 to the CVD. Financial information can be obtained by contacting CVD Finance Director, 88 Center Road, Suite B100, Bedford, Ohio 44146.

Chagrin/Southeast Council of Governments

The Village is a member of the Chagrin/Southeast Council of Governments (the Council), a regional council of governments formed under Chapters 167 of the Ohio Revised Code. The Council is comprised of 31 local municipalities and is directed by a three-member Board of Trustees which is elected by its members. The Council was formed to foster cooperation between member municipalities in the area of hazardous material spill mitigation. The Council operates the Chagrin/Southeast HazMat Response Team. The team was formed in 1990 to assist local fire departments in responding to incidents involving industrial chemicals. The Council has established two subsidiary organizations, the West Shore Hazardous Materials Committee which provides hazardous material protection and assistance, and the West Shore Enforcement Bureau which provides extra assistance to cities in the form of a Swat Team. The Village contributed \$3,500 to the Council in 2023. Financial information can be obtained by contacting the Village of Glenwillow, 29555 Pettibone Road, Glenwillow, Ohio 44139.

Orange Village, Ohio
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 12 – Jointly Governed Organizations (Continued)

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 ORC. NOPEC was formed to serve as a vehicle for communities wishing to proceed jointly with an aggregation program for the purchase of electricity. NOPEC is currently comprised of communities who have been authorized by ballot to purchase electricity on behalf of its citizens. The intent of NOPEC is to provide electricity at the lowest possible rates while at the same time ensuring stability in prices by entering into long-term contracts with suppliers to provide electricity to the citizens of its member communities. The Village did not contribute to NOPEC during 2023.

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

Valley Enforcement Regional Council of Governments

The Village is a member of Valley Enforcement Regional Council of Governments (VERCOG), a regional council of governments formed under Chapter 167 of the Ohio Revised Code. VERCOG was formed to continue to foster cooperation among political subdivisions through sharing of facilities for their common benefit. It includes the supervision and control of the Valley Enforcement Group (VEG), which has been a mutual aid organization providing the mutual interchange and sharing of police personnel and police equipment. VERCOG is comprised of approximately fifteen communities located within the Chagrin Valley which exercise law enforcement authority under Ohio law and whose law enforcement agency consists of four (4) or more full-time, sworn law enforcement officers. VERCOG is authorized to acquire and own police equipment and other property, to be used by all participating members, and may do any other thing permitted by law to accomplish its general purposes. The Village contributed \$10,000 to VERCOG in 2023. Financial information can be obtained by contacting the City of Pepper Pike, 28000 Shaker Blvd., Pepper Pike, Ohio 44124.

Regional Income Tax Agency

In 1971, 38 municipalities joined together to organize a Regional Council of Governments to administer tax collection and enforcement concerns facing member cities and villages. The first official act was to form the Regional Income Tax Agency (RITA) to administer the income tax ordinances and to collect the income taxes on behalf of each member. Today RITA serves as the income tax collection agency for over 370 municipalities throughout the state of Ohio. Each member has one representative to the council of governments and is entitled to one vote on items under consideration. RITA is administered by a nine-member board of trustees elected by the members of the council of governments. The board exercises total control over RITA's operations including budgeting, appropriating, contracting and designating management. Each participant's degree of control is limited to its representation on the council. Financial information may be obtained by writing to RITA, 10107 Brecksville Road, Brecksville, Ohio 44141.

Orange Village, Ohio
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 13 – Fund Balances

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies which cannot be spent for five years. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end, the balance of this amount was as follows:

Fund Balances	General
Nonspendable:	
Unclaimed Monies	\$ 5,540

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

Note 14 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio’s state of emergency ended in June, 2021 while the national state of emergency ended in April 2023. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. The impact on the Village’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

During 2022, the Village received American Rescue Plan Act (ARPA) funding. The Village received \$301,361 as a Non-Entitlement Unit of Government (NEU). These amounts were recorded in the American Rescue Plan Fund and was used to offset safety wages in 2023.

Orange Village, Ohio
Cuyahoga County

**Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)**
All Governmental Fund Types
For the Year Ended December 31, 2022

	General	Special Revenue	Debt Service	Capital Projects	Total (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$ 1,491,212	\$ 56,204	\$ -	\$ 693,140	\$ 2,240,556
Payments in Lieu of Taxes	-	3,787,755	-	-	3,787,755
Municipal Income Tax	7,477,527	-	-	-	7,477,527
Intergovernmental	138,560	421,680	-	419,594	979,834
Special Assessments	-	2,747	608,452	-	611,199
Charges for Services	165,438	-	-	-	165,438
Fines, Licenses and Permits	751,317	1,130	-	15,000	767,447
Earnings on Investments	136,200	6,190	-	-	142,390
Miscellaneous	230,122	-	-	61,702	291,824
Total Cash Receipts	10,390,376	4,275,706	608,452	1,189,436	16,463,970
Cash Disbursements					
Current:					
Security of Persons and Property	3,731,015	337,937	-	-	4,068,952
Community Environment	632,520	-	-	-	632,520
Basic Utility Services	276,059	-	-	-	276,059
Transportation	929,582	-	-	1,182	930,764
General Government	2,303,867	-	-	-	2,303,867
Capital Outlay	-	191,851	-	1,562,362	1,754,213
Debt Service:					
Principal Retirement	-	-	5,726,572	-	5,726,572
Interest and Fiscal Charges	-	-	280,152	-	280,152
Total Cash Disbursements	7,873,043	529,788	6,006,724	1,563,544	15,973,099
Excess of Receipts Over (Under) Disbursements	2,517,333	3,745,918	(5,398,272)	(374,108)	490,871
Other Financing Receipts (Disbursements)					
Sale of Bonds	-	-	5,050,000	-	5,050,000
Other Financing Uses - Pinecrest Debt Service	-	(3,083,334)	-	-	(3,083,334)
Other Financing Uses - Pinecrest	-	(561,282)	-	-	(561,282)
Premium on Debt	-	-	422,568	-	422,568
Transfers In	-	300,000	9,508	2,569,000	2,878,508
Transfers Out	(2,869,000)	-	-	(9,508)	(2,878,508)
Total Other Financing Receipts (Disbursements)	(2,869,000)	(3,344,616)	5,482,076	2,559,492	1,827,952
Net Change in Fund Cash Balances	(351,667)	401,302	83,804	2,185,384	2,318,823
<i>Fund Cash Balances, January 1</i>	<u>6,965,964</u>	<u>847,285</u>	<u>480,247</u>	<u>1,734,862</u>	<u>10,028,358</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 6,614,297</u>	<u>\$ 1,248,587</u>	<u>\$ 564,051</u>	<u>\$ 3,920,246</u>	<u>\$ 12,347,181</u>

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

Orange Village, Ohio
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 1 – Reporting Entity

Orange Village (the Village), Cuyahoga County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides general government services, including police, fire, rubbish, snow removal, building inspections, and recreation programs.

Jointly Governed Organizations

The Village participates in jointly governed organizations. Note 12 to the financial statements provides additional information for these entities.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

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

Street Construction Maintenance and Repair The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

Police Pension Fund The police pension fund accounts for property taxes and transfers from the General Fund which is used to pay police obligations.

Debt Service Fund This fund accounts for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following significant Debt Service Fund:

Orange Village, Ohio
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (Continued)

General Obligation Bond Retirement Fund The Village’s General Obligation Bond Retirement Fund receives special assessment receipts and transfers from the Infrastructure Levy Fund which are used to retire bond and note debt.

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

Capital Equipment Fund The capital equipment fund is used to fund major expenditures to purchase equipment and vehicles.

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

Basis of Accounting

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

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

Budgetary Process

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

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

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

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

A summary of 2022 budgetary activity appears in Note 3.

Orange Village, Ohio
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (Continued)

Deposits and Investments

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

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

Capital Assets

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

Accumulated Leave

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

Leases

The Village is the lessee in various leases (as defined by GASB 87) related to other equipment under noncancelable leases. Lease disbursements are recognized when they are paid.

Fund Balance

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

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

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

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

Orange Village, Ohio
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (Continued)

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

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

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 13.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2022 follows:

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 8,380,477	\$ 10,390,376	\$ 2,009,899
Special Revenue	6,631,015	4,575,706	(2,055,309)
Debt Service	5,968,722	6,090,528	121,806
Capital Projects	1,835,317	3,758,436	1,923,119

2022 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 11,445,576	\$ 10,742,043	\$ 703,533
Special Revenue	4,207,746	4,174,404	33,342
Debt Service	6,046,800	6,006,724	40,076
Capital Projects	1,884,781	1,573,052	311,729

Note 4– Deposits and Investments

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

Orange Village, Ohio
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 4– Deposits and Investments (Continued)

	<u>2022</u>
Demand deposits	\$ 1,634,719
Certificates of deposit	<u>8,078,599</u>
Total deposits	9,713,318
STAR OHIO	<u>2,633,863</u>
Total deposits and investments	<u>\$12,347,181</u>

The Village does not have a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2022, the Village is holding \$10,289 in unremitted employee payroll withholdings.

Deposits

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

Investments

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

Note 5 – Taxes

Property Taxes

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

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

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

Orange Village, Ohio
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 5 – Taxes (Continued)

Income Taxes

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

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

Pinecrest TIF

On March 26, 2017, the Village entered into an agreement with the Cleveland-Cuyahoga County Port Authority and Pinecrest Project Partners LLC (the “Developer”), the developer of the commercial portion of Pinecrest, a mixed use project in the Village, whereby certain parcels of real property located in the Village will have improvements made to them and be exempted from real property taxation for thirty years. As part of this agreement the Village will pay its portion of the TIF receipts to the Cleveland-Cuyahoga County Port Authority as part of the debt service payments on bonds issued for the project. The Village has also agreed to pay the School District a portion of the TIF receipts as part of revenue on improvements to the property. In addition, the Village has agreed to pay the School District a portion of municipal income taxes received by the Village and derived from ongoing operations of the commercial portion of the project.

Note 6 – Risk Management

Workers’ Compensation

Workers’ Compensation coverage is provided by the State of Ohio. The Village pays the State Workers’ Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

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

Orange Village, Ohio
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2022.

Ohio Police and Fire Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages. The Village has paid all contributions required through December 31, 2022.

Social Security

The Village's part-time fire fighters hired after August 3, 1992 contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2022.

Note 8 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2022. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2022. OP&F contributes 0.5 percent to fund these benefits.

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

Orange Village, Ohio
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 9 – Debt

Debt outstanding at December 31, 2022, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Bonds:		
Orange Place South Extension Bonds	\$260,000	2.25% - 5.125%
VP-Orange Place/Emery Rd. Refunded Bonds	\$368,000	2.61%
Cuyahoga County - Chagrin Highlands Bonds	\$251,758	3%
Recreation Trails	\$5,050,000	4% - 5%
Loans:		
OPWC Loan - Orange Place North	\$20,237	0%
OWDA Loan - #3266	\$218,247	4%
OWDA Loan - #3271	\$130,482	4%
Total	<u>\$6,298,724</u>	

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

The Village issued Various Purpose Refunding Bonds in 2019 in the amount of \$799,000 at an interest rate of 2.61 percent to refinance the Orange Place North and Emery Road Improvement Bonds. The Orange Place North Bonds were issued in 2006 for \$705,000 for the purpose of improving a portion of Orange Place by repaving, widening and installing sidewalks, curbs, landscaping and streetscaping. The Emery Road Improvement Bonds were issued in 2007 for \$720,000 for the purpose of improving Emery Road by installing watermains and connections. The bonds are being repaid in semiannual installments, including interest, through 2027 through special assessments.

The Cuyahoga County bonds for Chagrin Highland relate to an agreement entered into in 1999 between Cuyahoga County and the Village to construct the extension of Orange Place South to Harvard Road. The County issued \$1,711,000 of bonds in 2004 and refinanced in 2012 and 2020. The Village was required to issue special assessments on the benefiting properties to retire them. The bonds are being repaid in semiannual installments, including interest, over 20 years through special assessments.

The Recreation Trails Bonds relate to an agreement entered into in 2015 between Orange Village and Walnut Hills (Pinecrest) for the construction of all-purpose trails serving the Village. The Village issued \$5,050,000 of bonds in 2022. The bonds are being repaid in semiannual installments, including interest, over 20 years through special assessments.

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

Orange Village, Ohio
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 9 – Debt (Continued)

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

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

Amortization

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

Year Ending December 31:	Orange Place South Extention	Orange Place/ Emery Rd.	Cuyahoga/ Chagrin Highlands	Recreation Trails	OPWC Orange Place North	OWDA #3266	OWDA #3271	Total
2023	\$ 143,325	\$ 123,605	\$ 113,600	\$ 380,406	\$ 5,059	\$ 91,103	\$ 54,467	\$ 911,565
2024	136,663	128,629	151,159	381,700	5,059	93,140	55,685	952,035
2025	0	63,445	0	383,200	5,059	47,375	28,324	527,403
2026	0	65,879	0	383,700	5,060	0	0	454,639
2027	0	8,209	0	389,450	0	0	0	397,659
2028 - 2032	0	0	0	1,898,000	0	0	0	1,898,000
2033 - 2037	0	0	0	1,913,000	0	0	0	1,913,000
2038 - 2042	0	0	0	1,915,200	0	0	0	1,915,200
Total	<u>\$ 279,988</u>	<u>\$ 389,767</u>	<u>\$ 264,759</u>	<u>\$ 7,644,656</u>	<u>\$ 20,237</u>	<u>\$ 231,618</u>	<u>\$ 138,476</u>	<u>\$ 8,969,501</u>

Note 10 – Contingent Liabilities

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

Note 11 – Joint Economic Development Zone Agreement

The Village has a Joint Economic Development Zone Agreement with the Cities of Cleveland and Warrensville Heights entered into pursuant to Ohio Revised Code Section 715.69. The City of Cleveland owns property currently situated in the City of Warrensville Heights and the Village, and desires to develop the property to create job opportunities as well as tax and other revenue. The Village is responsible for providing municipal services. The three municipalities have agreed to share in the zone agreement income tax revenues generated from this agreement. The City of Cleveland, City of Warrensville Heights and the Village will receive 37.5%, 12.5% and 50%, respectively, of the income tax revenue. The Village administers this income tax. During 2022, \$584,694 of gross zone agreement income tax revenue was collected, of which \$286,893 represents the Village portion.

Orange Village, Ohio
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 12 – Jointly Governed Organizations

Chagrin Valley Dispatch Regional Council of Governments

The Village is a member of the Chagrin Valley Dispatch (CVD). CVD is a regional council of governments formed under Chapter 167 of the ORC. 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). Participation in CVD was initially limited to political subdivisions located with the Chagrin Valley that are currently receiving public dispatch services. It is currently comprised of approximately 30 communities. It is authorized to perform all functions necessary to improve, maintain and operate the RCC including entering into contractual arrangements for necessary services; to employ staff; purchase, lease or otherwise provide for supplies, materials and equipment and facilities; accept and raise public and private funding; and any and all other powers and authorities available pursuant to Chapter 167 of the ORC. Participating political subdivisions appoint one representative to CVD. Each member of CVD is entitled to one vote on each item under consideration by the board. During 2022, the Village contributed \$416,588 to the CVD. Financial information can be obtained by contacting the Vic Nogalo, Finance Director, 88 Center Road, Suite B100, Bedford, Ohio 44146.

Chagrin/Southeast Council of Governments

The Village is a member of the Chagrin/Southeast Council of Governments (the Council), a regional council of governments formed under Chapters 167 of the Ohio Revised Code. The Council is comprised of 18 local municipalities and is directed by a three-member Board of Trustees which is elected by its members. The Council was formed to foster cooperation between member municipalities in the area of hazardous material spill mitigation. The Council operates the Chagrin/Southeast HazMat Response Team. The team was formed in 1990 to assist local fire departments in responding to incidents involving industrial chemicals. The Council has established two subsidiary organizations, the West Shore Hazardous Materials Committee which provides hazardous material protection and assistance, and the West Shore Enforcement Bureau which provides extra assistance to cities in the form of a Swat Team. The Village contributed \$3,500 to the Council in 2022. Financial information can be obtained by contacting the Village of Glenwillow, 29555 Pettibone Road, Glenwillow, Ohio 44139.

Northeast Ohio Public Energy Council

The Village is a member of the Northeast Ohio Public Energy Council (NOPEC). NOPEC is a regional council of governments formed under Chapter 167 of the ORC. NOPEC was formed to serve as a vehicle for communities wishing to proceed jointly with an aggregation program for the purchase of energy. NOPEC is currently comprised of members in 235 communities in 17 counties who have been authorized by ballot to purchase energy on behalf of its citizens. The intent of NOPEC is to provide energy at the lowest possible rates while at the same time ensuring stability in prices by entering into long-term contracts with suppliers to provide energy to the citizens of its member communities.

Orange Village, Ohio
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 12 – Jointly Governed Organizations (Continued)

NOPEC is governed by a General Assembly made up of one representative from each member community. The representatives from each community then elect one person to serve on the seventeen 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 2022. Financial information can be obtained by contacting NOPEC, 31360 Solon Road, Suite 33, Solon, Ohio 44139.

Valley Enforcement Regional Council of Governments

The Village is a member of Valley Enforcement Regional Council of Governments (VERCOG), a regional council of governments formed under Chapter 167 of the Ohio Revised Code. VERCOG was formed to continue to foster cooperation among political subdivisions through sharing of facilities for their common benefit. It includes the supervision and control of the Valley Enforcement Group (VEG), which has been a mutual aid organization providing the mutual interchange and sharing of police personnel and police equipment. VERCOG is comprised of approximately fifteen communities located within the Chagrin Valley which exercise law enforcement authority under Ohio law and whose law enforcement agency consists of four (4) or more full-time, sworn law enforcement officers. VERCOG is authorized to acquire and own police equipment and other property, to be used by all participating members, and may do any other thing permitted by law to accomplish its general purposes. The Village contributed \$10,000 to VERCOG in 2022. Financial information can be obtained by contacting the City of Pepper Pike, 28000 Shaker Blvd., Pepper Pike, Ohio 44124.

Regional Income Tax Agency

In 1971 38 municipalities joined together to organize a Regional Council of Governments to administer tax collection and enforcement concerns facing member cities and villages. The first official act was to form the Regional Income Tax Agency (RITA) to administer the income tax ordinances and to collect the income taxes on behalf of each member. Today RITA serves as the income tax collection agency for over 350 municipalities throughout the state of Ohio. Each member has one representative to the council of governments and is entitled to one vote on items under consideration. RITA is administered by a nine-member board of trustees elected by the members of the council of governments. The board exercises total control over RITA's operations including budgeting, appropriating, contracting and designating management. Each participant's degree of control is limited to its representation on the council. Financial information may be obtained by writing to RITA, 10107 Brecksville Road, Brecksville, Ohio 44141.

Note 13 – Fund Balances

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies which cannot be spent for five years. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end, the balance of this amount was as follows:

Orange Village, Ohio
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 13 – Fund Balances (Continued)

<u>Fund Balances</u>	<u>General</u>
Nonspendable:	
Unclaimed Monies	\$ 4,852

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

Note 14 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency ended in April 2023. During 2022, the Village received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, and additional recovery from funding, either federal or state, cannot be estimated.

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

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

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements for each governmental fund type as of and for the years ended December 31, 2023 and 2022 and the related notes to the financial statements of Orange Village, Cuyahoga County, (the Village) and have issued our report thereon dated May 15, 2024, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

Report on Internal Control Over Financial Reporting

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

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

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

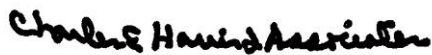
Report on Compliance and Other Matters

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

However, we noted a certain other matter not requiring inclusion in this report that we reported to the Village's management in a separate letter dated May 15, 2024.

Purpose of this Report

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



Charles E. Harris & Associates, Inc.
May 15, 2024

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OHIO AUDITOR OF STATE KEITH FABER



**ORANGE VILLAGE
CUYAHOGA COUNTY**

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 6/11/2024

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

This report is a matter of public record and is available online at
www.ohioauditor.gov