FINANCES OF ORANGE VILLAGE

Dear Orange Village Resident

It is a pleasure to provide the following financial report. It has remained a priority of this administration to communicate, openly and consistently, with Village residents about our financial status. Because we are committed to transparency of our municipal finances, we have included a report on current Village fund balances in this newsletter. Even though we are working in very challenging economic times, Orange Village's financial condition remains strong.

I want to thank Village Council and all of our department heads for their commitment to fiscal responsibility and conservative budgeting. This has allowed us to remain in solid fiscal condition. I know I speak for all the employees, professionals, public officials and elected representatives of this Village when I say we are all dedicated to the best interests of the residents of this community in all of our day-to-day efforts.

I encourage you to review the information and feel free to contact my office with any questions you may have.

Sincerely,

Kathy U. Mulcahy

Kathy U Mulcahy
Mayor

FUND BALANCE

	End Balance 12/31/10	Balances 7/31/11
General Fund	$2,006,396.	$2,206,812.
Street Maintenance/Repair Fund	$254,605.	$249,168.
State Highway Improvement Fund	$50,463.	$50,414.
Law Enforcement Trust Funds	$54,164.	$83,718.
Police Computer and Training Funds	$3,727.	$5,976.
Debt Service Fund	$957,975.	$1,294,516.
Capital Improvement Fund	$1,057,685.	$350,848.
Capital Equipment Fund	$2,248.	$42,618.
Recreation Capital Improvement Fund	$4,444.	$5,734.
Infrastructure Levy Fund	$326,534.	$608,461.
Police Pension Fund	$56,116.	$118,345.
Trust and Agency Funds	$284,805.	$251,667.

Distribution of Orange Village Property Tax

A fundamental difference between Orange Village and the Orange School District is the main funding source used by each entity for operating purposes. Orange Village relies primarily on income tax revenues. Orange Schools relies mostly on property taxes. However, property taxes are still a significant and vital component of Orange Village's funding sources.

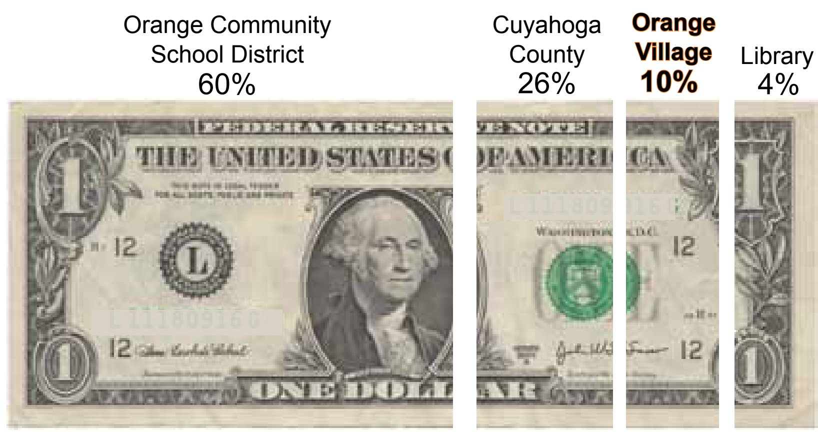
Property tax in Orange Village is based on the County-assigned value of all parcels of land within each taxing district. The assignment of value is administered by the Cuyahoga County Fiscal Officer. The County Fiscal Officer determines an assessed value, which is 35% of the appraised market value for each parcel.

The value is updated every three years based on the average price that surrounding or similar properties sold for within the previous three-year period. Every six years, the County Auditor revisits all properties to re-appraise the value of each piece of land based on any building additions or major improvements. The last re-appraisal update of property values occurred in 2009.

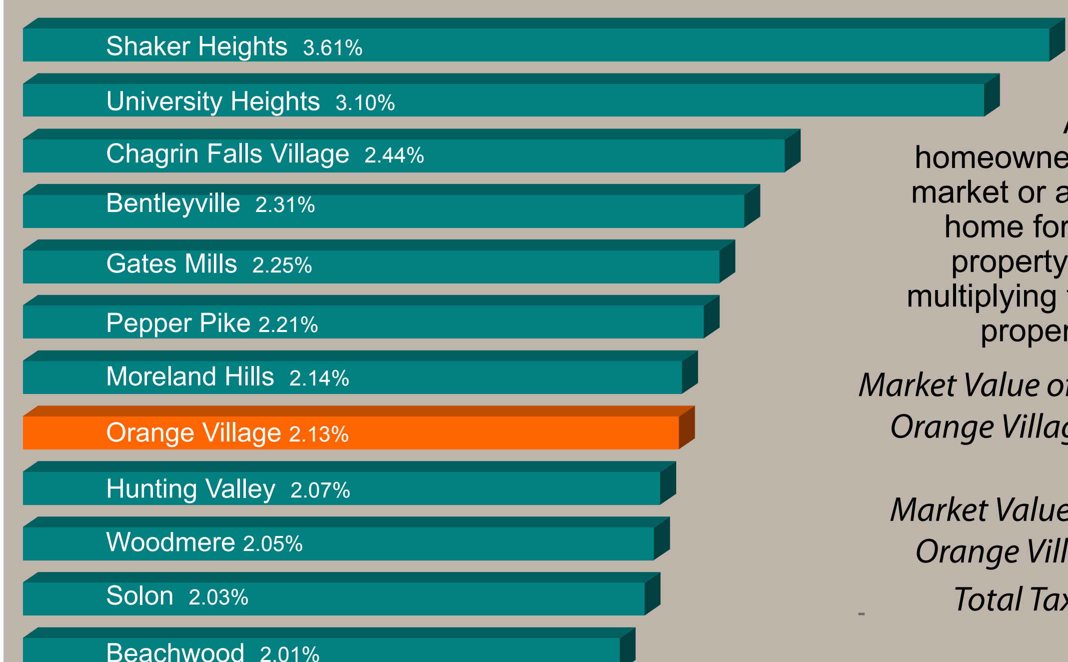
DISTRIBUTION OF YOUR REAL ESTATE TAX DOLLARS

TAX YEAR 2010
PAID IN 2011

Real estate tax collected by Orange Village and placed into the general fund in 2010 $554,980.



COMPARISON OF RESIDENTIAL TAX RATES
Calculated as a % of market value

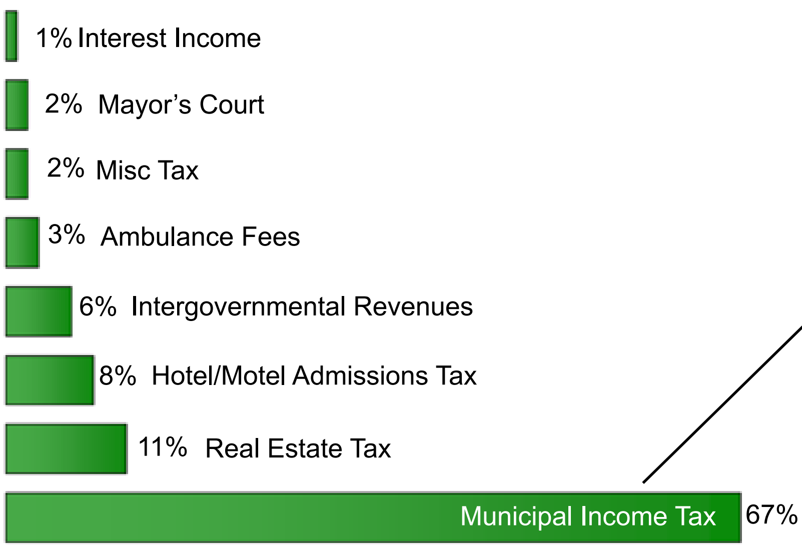


An Orange Village homeowner will pay 2.13% of the market or appraised value of their home for property taxes. The property tax is calculated by multiplying the market value of the property by the tax rate.

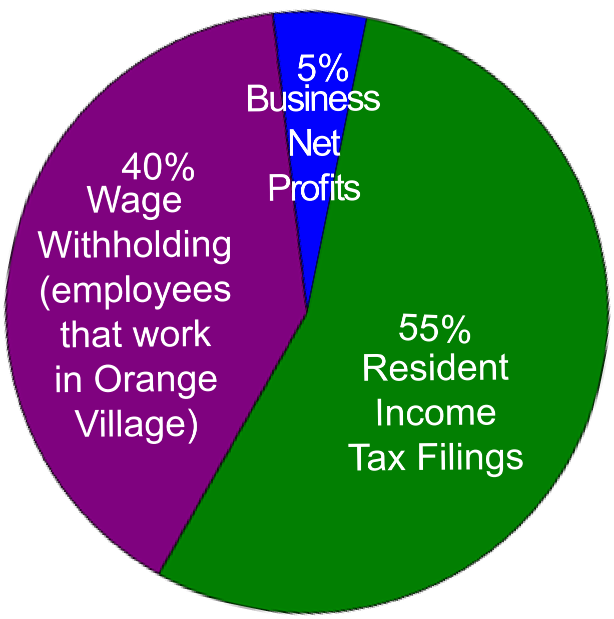
Market Value of Property = $300,000
Orange Village Tax Rate = 2.13%

Market Value of Property	*$300,000*
Orange Village Tax Rate	*x 2.13%*
Total Tax Due for 2011	*$6,390.*

2010 TOTAL GENERAL FUND REVENUES



Income tax collections are the Village's primary source of revenue for all essential services. Every department within the Village relies on income tax collections for a major portion of their funding. Orange Village collects a 2.0% income tax on earned income within the Village, which is applied to gross salaries, wages, personal services, compensation and net income of for-profit organizations that conduct business in Orange Village. Orange Village residents are generally required to pay income taxes on income they earn outside the Village, but are given a 60% credit for income taxes paid to the municipality(s) in which they work up to a limit of 1.5%.



Total Municipal Income Taxes received in 2010=$3,224,372

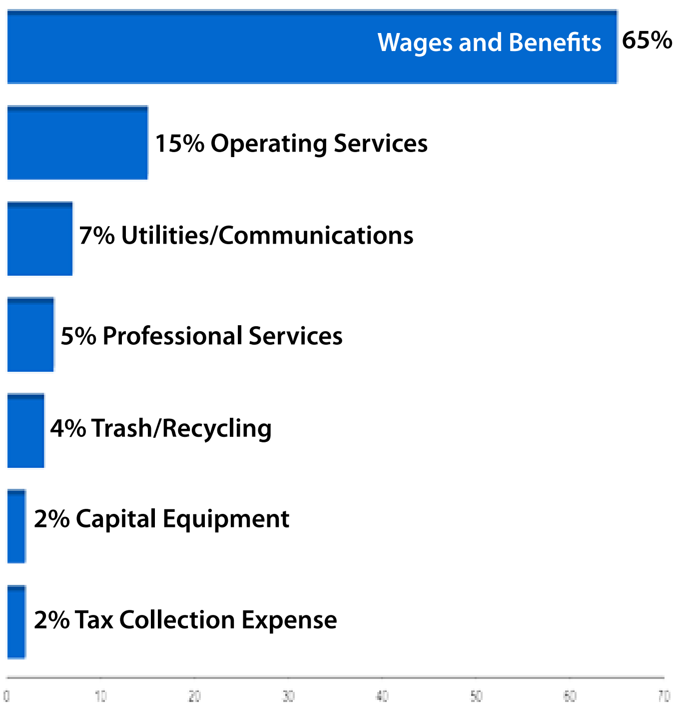
55% - Resident Income Tax Filings

40% - Wage Withholding (from people who work here)

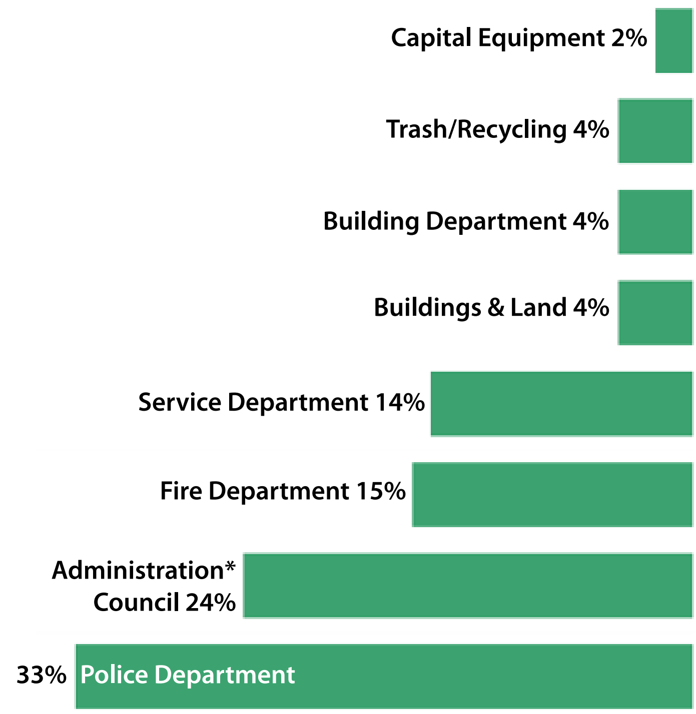
5% - Business Net Profits

A reminder from the Tax Administrator that although your fourth quarter RITA Estimate for calendar year 2011 is not due until January 31, 2012, it must be **paid prior to the end of calendar year 2011** if you would like to include it as an itemized deduction on your 2011 Federal Tax Return. Under current IRS regulations, you will still be entitled to use it as an itemized deduction when filing your 2012 Federal Tax Return if you choose to pay the estimate in January, 2012.

GENERAL FUND
EXPENDITURES BY CATEGORY 2010



GENERAL FUND
EXPENDITURES BY DEPARTMENT 2010



*Administration includes: Treasurer's Office, Mayor's Office, Engineer and Law Department, Audit and Tax Collection Expenses and Property Insurance

To the Residents of Orange Village:

It has been a pleasure serving as Council President and Finance Chair for the last four years and I look forward to serving you in the future. As you may know, I am committed to transparency in government in all aspects and especially when it comes to financial matters. It is my sincere belief that for a public entity to be financially accountable, transparency is required. I am pleased to report that even through very turbulent economic times, Orange Village has maintained a strong financial position with no signs of significant threat to our financial security in the near future.

Presented in this newsletter are highlights of the Village's financial sources and uses, fund balances, and comparative tax data. The inclusion of this data in the newsletter is a small measure to continue our constant efforts of financial responsibility. By not sending a separate mailing for the financial report, we save money. My hope is that this will underscore to the residents of Orange Village that the books are open and you can come to the source for accurate and complete financial information. Also, keep in mind a finance committee meeting, which is open to the public, is held the first Wednesday of every month at seven o'clock in the evening where you can be made aware of the status of the Village's finances.

Finally I would like to thank the finance committee and the finance staff for all of their hard work. There have been many positive changes in the financial operations and more to come. If you have any concerns regarding the financial stability of the Village, please do not hesitate to contact me.

Sincerely,

Councilman Mark A. Parks, Jr., CPA, MBA
Council President/Finance Chair