



**VILLAGE OF VALLEYVIEW
FRANKLIN COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999 - 1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF VALLEYVIEW
FRANKLIN COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Village of Valleyview
Franklin County
432 North Richardson Avenue
Columbus, Ohio 43204

To the Village Council:

We have audited the accompanying financial statements of the Village of Valleyview, Franklin County, Ohio, (the Village) as of and for the years ended December 31, 1999 and December 31, 1998. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village as of December 31, 1999 and December 31, 1998, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 7, 2000 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 grants.

This report is intended solely for the information and use of the management and Village Council and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro".

JIM PETRO
Auditor of State

August 7, 2000

**VILLAGE OF VALLEYVIEW
FRANKLIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$52,378	\$59,559	\$0	\$111,937
Intergovernmental Receipts	109,505	43,705	8,730	161,940
Fines, Licenses, and Permits	74,208	0	0	74,208
Earnings on Investments	5,922	2,013	0	7,935
Miscellaneous	7,971	0	0	7,971
	<u>249,984</u>	<u>105,277</u>	<u>8,730</u>	<u>363,991</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
Security of Persons and Property	130,000	60,029	0	190,029
Public Health Services	1,700	0	0	1,700
Leisure Time Activities	8,253	0	0	8,253
Basic Utility Services	12,944	0	0	12,944
Transportation	300	23,177	0	23,477
General Government	117,925	0	0	117,925
Capital Outlay	0	0	8,730	8,730
	<u>271,122</u>	<u>83,206</u>	<u>8,730</u>	<u>363,058</u>
Total Cash Disbursements				
Total Cash Receipts Over/(Under) Cash Disbursements	(21,138)	22,071	0	933
Fund Cash Balances, January 1	156,055	76,227	0	232,282
Fund Cash Balances, December 31	<u>\$134,917</u>	<u>\$98,298</u>	<u>\$0</u>	<u>\$233,215</u>
Reserves for Encumbrances, December 31	<u>\$1,561</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,561</u>

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

VILLAGE OF VALLEYVIEW
FRANKLIN COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGE IN FUND CASH BALANCE - AGENCY FUND
FOR THE YEAR ENDED DECEMBER 31, 1999

	<u>Agency</u>
Operating Cash Receipts:	
Fines, Licenses, and Permits	<u>\$87,260</u>
Total Operating Cash Receipts	<u>87,260</u>
Operating Cash Disbursements:	
Other Operating Cash Disbursements	<u>86,620</u>
Total Operating Cash Disbursements	<u>86,620</u>
Operating Income/(Loss)	640
Fund Cash Balance, January 1	<u>250</u>
Fund Cash Balance, December 31	<u><u>\$890</u></u>

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

**VILLAGE OF VALLEYVIEW
FRANKLIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property Tax and Other Local Taxes	\$52,356	\$59,120	\$111,476
Intergovernmental Receipts	90,141	25,095	115,236
Fines, Licenses, and Permits	87,448	0	87,448
Earnings on Investments	5,091	3,160	8,251
Miscellaneous	14,023	0	14,023
	<u>249,059</u>	<u>87,375</u>	<u>336,434</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
Security of Persons and Property	122,220	68,751	190,971
Leisure Time Activities	5,476	0	5,476
Basic Utility Services	7,801	0	7,801
Transportation	0	2,383	2,383
General Government	104,297	127	104,424
	<u>239,794</u>	<u>71,261</u>	<u>311,055</u>
Total Cash Disbursements			
Total Cash Receipts Over/(Under) Cash Disbursements	<u>9,265</u>	<u>16,114</u>	<u>25,379</u>
Fund Cash Balances, January 1	146,790	60,113	206,903
Fund Cash Balances, December 31	<u>\$156,055</u>	<u>\$76,227</u>	<u>\$232,282</u>
Reserves for Encumbrances, December 31	<u>\$37,553</u>	<u>\$4,992</u>	<u>42,545</u>

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

VILLAGE OF VALLEYVIEW
FRANKLIN COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGE IN FUND CASH BALANCE - AGENCY FUND
FOR THE YEAR ENDED DECEMBER 31, 1998

	<u>Agency</u>
Operating Cash Receipts:	
Fines, Licenses, and Permits	<u>\$104,648</u>
Total Operating Cash Receipts	<u>104,648</u>
Operating Cash Disbursements:	
Other Operating Cash Disbursements	<u>104,398</u>
Total Operating Cash Disbursements	<u>104,398</u>
Operating Income/(Loss)	250
Fund Cash Balance, January 1	<u>0</u>
Fund Cash Balance, December 31	<u><u>\$250</u></u>

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

**VILLAGE OF VALLEYVIEW
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Valleyview, Franklin County, (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, park operations (leisure time activities), and police services.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 prescribed or permitted by the Auditor of State.

C. Cash and Investments

Certificates of deposit and the repurchase agreement are valued at cost.

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

D. Fund Accounting

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

1. General Fund

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

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

Street Construction, Maintenance and Repair Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining and repairing Village streets.

**VILLAGE OF VALLEYVIEW
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Fund Accounting (continued)

2. Special Revenue Funds (continued)

Police Fund - This fund receives property tax moneys for the provision of police protection services.

Fire Fund - This fund receives property tax moneys for the provision of fire protection services.

3. Fiduciary Funds (Agency Funds)

Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following fiduciary fund:

Mayors Court Agency Fund - This fund is used by the Village to account for Mayor's Court receipts and disbursements.

E. 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, function or object level of control, 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.

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 carried over, and need not be reappropriated.

A summary of 1999 and 1998 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

**VILLAGE OF VALLEYVIEW
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Village maintains a cash and investments pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

	<u>1999</u>	<u>1998</u>
Demand deposits	\$ 8,269	\$ 5,566
Certificates of deposit	70,897	68,515
Total deposits	79,166	74,081
Repurchase Agreement	154,939	158,451
Total investments	154,939	158,451
Total deposits and investments	\$ 234,105	\$ 232,532

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation, or collateralized by the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 1999 and December 31, 1998 follows:

1999 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 234,087	\$ 249,984	\$ 15,897
Special Revenue	82,156	105,277	23,121
Capital Projects	0	8,730	8,730
Total	\$ 316,243	\$ 363,991	\$ 47,748

1999 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 396,383	\$ 272,683	\$ 123,700
Special Revenue	87,442	83,206	4,236
Capital Projects	0	8,730	(8,730)
Total	\$ 483,825	\$ 364,619	\$ 119,206

**VILLAGE OF VALLEYVIEW
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

3. BUDGETARY ACTIVITY (continued)

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 232,917	\$ 249,059	\$ 16,142
Special Revenue	80,424	87,375	6,951
Total	\$ 313,341	\$ 336,434	\$ 23,093

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 345,453	\$ 277,347	\$ 68,106
Special Revenue	82,750	76,253	6,497
Total	\$ 428,203	\$ 353,600	\$ 74,603

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding 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 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 payment, the first half is due December 31. The second half payment is due the following June 20.

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.

5. RETIREMENT SYSTEMS

The Village's law enforcement officers belong to the Police and Firemen's Disability and Pension Funds (PFDPF). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PFDPF and PERS 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 1999 and 1998, members of PFDPF contributed 10% of their wages to the PFDPF. The Village contributed an amount equal to 19.5% of their wages. PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 1999.

**VILLAGE OF VALLEYVIEW
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

6. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

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

The Village also provides health insurance coverage to full-time employees through a private carrier.

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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

Village of Valleyview
Franklin County
432 North Richardson Avenue
Columbus, Ohio 43204

To the Village Council:

We have audited the accompanying financial statements of the Village of Valleyview, Franklin County, Ohio (the Village), as of and for the years ended December 31, 1999 and December 31, 1998, and have issued our report thereon dated August 7, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated August 7, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the accompanying schedule of findings as item 1999-30625-001.

A material weakness is a 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 in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated August 7, 2000.

This report is intended for the information and use of the management and Village Council, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro", written in a cursive style.

JIM PETRO
Auditor of State

August 7, 2000

**VILLAGE OF VALLEYVIEW
FRANKLIN COUNTY
SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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1999-30625-01	
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Monitoring Controls

Monitoring controls comprise regular management and supervisory activities established to oversee whether management's objectives are being achieved, covering operational and legal compliance, as well as financial control objectives. Monitoring controls generally are concerned with users' analysis of reports or other forms of data produced by the accounting system. Such data may indirectly provide assurance as to the reliability of financial reporting information if it conforms with the users' expectations.

There are insufficient monitoring controls over revenue collection, expenditure processing, and financial reporting by the Clerk/Treasurer to identify unusual fluctuations in the Village's revenues, expenditures, and the accuracy of the Village's monthly cash reconciliations. The lack of monitoring controls also does not prevent control override by Village employees.

We recommend the Village Council periodically review detailed information regarding revenues, expenditures, and monthly cash balance. These Council members should also review the monthly bank account reconciliations, monthly budget versus actual receipt and disbursement reports, and a monthly listing of the bills to be paid.



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VILLAGE OF VALLEYVIEW

FRANKLIN 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
OCTOBER 17, 2000