



**Auditor of State
Betty Montgomery**

VILLAGE OF VALLEY VIEW
CUYAHOGA COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types- For the Year Ended December 31, 2004	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Proprietary and Similar Fiduciary Fund Types - For the Year Ended December 31, 2004	4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types- For the Year Ended December 31, 2003	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Proprietary and Similar Fiduciary Fund Types - For the Year Ended December 31, 2003	6
Notes to the Financial Statements	7
Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	15

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Village Council
Village of Valley View
Cuyahoga County
6848 Hathaway Road
Valley View, Ohio 44125

We have audited the accompanying financial statements of the Village of Valley View, Cuyahoga County, Ohio, (the Village) as of and for the years ended December 31, 2004 and December 31, 2003. 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 auditing standards generally accepted in the United States of America 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 described 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 of Valley View, Cuyahoga County, Ohio, as of December 31, 2004 and December 31, 2003, 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 March 18, 2005 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the management, Village Council and other officials authorized to receive this report under Section 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

March 18, 2005

**VILLAGE OF VALLEY VIEW
CUYAHOGA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Property Tax and Other Local Taxes	\$1,027,073	\$365,860	\$0	\$0	\$1,392,933
Municipal Income Tax	8,531,367	0	0	0	8,531,367
Special Assessments	0	0	271,808	0	271,808
Intergovernmental Receipts	640,508	213,560	0	0	854,068
Charges for Services	129,403	11,000	0	0	140,403
Fines, Licenses, and Permits	143,612	1,691	0	575	145,878
Earnings on Investments	72,919	0	0	0	72,919
Miscellaneous	33,580	3,372	0	1,363	38,315
	<u>10,578,462</u>	<u>595,483</u>	<u>271,808</u>	<u>1,938</u>	<u>11,447,691</u>
Total Cash Receipts					
Cash Disbursements:					
Current:					
Security of Persons and Property	3,071,474	434,078	0	0	3,505,552
Public Health Services	11,945	0	0	0	11,945
Leisure Time Activities	356,341	468,078	0	0	824,419
Basic Utility Services	167,814	0	0	0	167,814
Transportation	587,302	212,869	0	0	800,171
General Government	1,555,803	0	0	0	1,555,803
Debt Service:					
Principal Payments	0	0	471,000	0	471,000
Interest Payments	0	0	305,149	0	305,149
Capital Outlay	1,362,747	287,787	0	1,305,241	2,955,775
	<u>7,113,426</u>	<u>1,402,812</u>	<u>776,149</u>	<u>1,305,241</u>	<u>10,597,628</u>
Total Cash Disbursements					
Total Receipts Over/(Under) Disbursements	<u>3,465,036</u>	<u>(807,329)</u>	<u>(504,341)</u>	<u>(1,303,303)</u>	<u>850,063</u>
Other Financing Receipts and (Disbursements):					
Transfers-In	133	495,546	413,866	1,655,464	2,565,009
Transfers-Out	(3,065,009)	0	0	0	(3,065,009)
Other Uses	0	0	0	(86,908)	(86,908)
	<u>(3,064,876)</u>	<u>495,546</u>	<u>413,866</u>	<u>1,568,556</u>	<u>(586,908)</u>
Total Other Financing Receipts/(Disbursements)					
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	400,160	(311,783)	(90,475)	265,253	263,155
Fund Cash Balances, January 1, 2004	<u>5,876,002</u>	<u>747,894</u>	<u>291,399</u>	<u>2,660,200</u>	<u>9,575,495</u>
Fund Cash Balances, December 31, 2004	<u>\$6,276,162</u>	<u>\$436,111</u>	<u>\$200,924</u>	<u>\$2,925,453</u>	<u>\$9,838,650</u>
Reserves for Encumbrances, December 31, 2004	<u>\$76,776</u>	<u>\$44,757</u>	<u>\$0</u>	<u>\$486,304</u>	<u>\$607,837</u>

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

**VILLAGE OF VALLEY VIEW
CUYAHOGA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Internal Service</u>	<u>Agency</u>	<u>Totals (Memorandum Only)</u>
Operating Cash Receipts:			
Charges for Services	\$36,213	\$27,725	\$63,938
Miscellaneous	152,240	505	152,745
	<hr/>	<hr/>	<hr/>
Total Operating Cash Receipts	188,453	28,230	216,683
Operating Cash Disbursements:			
Personal Services	627,678	0	627,678
Contractual Services	0	1,638	1,638
Supplies and Materials	83	421	504
	<hr/>	<hr/>	<hr/>
Total Operating Cash Disbursements	627,761	2,059	629,820
Operating Income/(Loss)	<hr/> <u>(439,308)</u>	<hr/> <u>26,171</u>	<hr/> <u>(413,137)</u>
Non-Operating Cash Receipts:			
Other Non-Operating Receipts	<hr/> <u>0</u>	<hr/> <u>167,416</u>	<hr/> <u>167,416</u>
Total Non-Operating Cash Receipts	<hr/> <u>0</u>	<hr/> <u>167,416</u>	<hr/> <u>167,416</u>
Non-Operating Cash Disbursements:			
Other Non-Operating Cash Disbursements	<hr/> <u>0</u>	<hr/> <u>192,558</u>	<hr/> <u>192,558</u>
Total Non-Operating Cash Disbursements	<hr/> <u>0</u>	<hr/> <u>192,558</u>	<hr/> <u>192,558</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	(439,308)	1,029	(438,279)
Transfers-In	500,000	233	500,233
Transfers-Out	<hr/> <u>0</u>	<hr/> <u>(233)</u>	<hr/> <u>(233)</u>
Net Receipts Over/(Under) Disbursements	60,692	1,029	61,721
Fund Cash Balances, January 1, 2004	<hr/> <u>106,210</u>	<hr/> <u>52,335</u>	<hr/> <u>158,545</u>
Fund Cash Balances, December 31, 2004	<hr/> <u>\$166,902</u>	<hr/> <u>\$53,364</u>	<hr/> <u>\$220,266</u>

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

**VILLAGE OF VALLEY VIEW
CUYAHOGA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Property Tax and Other Local Taxes	\$917,067	\$377,251	\$0	\$0	\$1,294,318
Municipal Income Taxes	8,344,374	0	0	0	8,344,374
Special Assessments	0	0	265,293	0	265,293
Intergovernmental Receipts	291,329	196,413	0	0	487,742
Charges for Services	147,523	8,700	0	0	156,223
Fines, Licenses, and Permits	179,250	3,217	0	6,430	188,897
Earnings on Investments	67,510	0	0	0	67,510
Miscellaneous	59,192	2,062	0	39,061	100,315
	<u>10,006,245</u>	<u>587,643</u>	<u>265,293</u>	<u>45,491</u>	<u>10,904,672</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	2,923,564	411,960	0	0	3,335,524
Public Health Services	9,483	0	0	0	9,483
Leisure Time Activities	410,659	478,471	0	0	889,130
Basic Utility Services	165,623	0	0	0	165,623
Transportation	590,872	276,779	0	0	867,651
General Government	1,637,491	0	0	0	1,637,491
Debt Service:					
Principal Payments	0	0	456,000	0	456,000
Interest Payments	0	0	337,246	0	337,246
Capital Outlay	1,405,477	108,508	0	2,415,752	3,929,737
	<u>7,143,169</u>	<u>1,275,718</u>	<u>793,246</u>	<u>2,415,752</u>	<u>11,627,885</u>
Total Receipts Over/(Under) Disbursements	<u>2,863,076</u>	<u>(688,075)</u>	<u>(527,953)</u>	<u>(2,370,261)</u>	<u>(723,213)</u>
Other Financing Receipts and (Disbursements):					
Transfers-In	645	561,638	404,095	2,316,381	3,282,759
Transfers-Out	(3,682,281)	0	0	0	(3,682,281)
	<u>(3,681,636)</u>	<u>561,638</u>	<u>404,095</u>	<u>2,316,381</u>	<u>(399,522)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(818,560)	(126,437)	(123,858)	(53,880)	(1,122,735)
Fund Cash Balances, January 1, 2003	<u>6,694,562</u>	<u>874,331</u>	<u>415,257</u>	<u>2,714,080</u>	<u>10,698,230</u>
Fund Cash Balances, December 31, 2003	<u>\$5,876,002</u>	<u>\$747,894</u>	<u>\$291,399</u>	<u>\$2,660,200</u>	<u>\$9,575,495</u>
Reserves for Encumbrances, December 31, 2003	<u>\$33,335</u>	<u>\$288,732</u>	<u>\$0</u>	<u>\$709,262</u>	<u>\$1,031,329</u>

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

**VILLAGE OF VALLEY VIEW
CUYAHOGA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003**

	Internal Service	Agency	Totals (Memorandum Only)
Operating Cash Receipts:			
Charges for Services	\$32,082	\$28,641	\$60,723
Miscellaneous	371,612	745	372,357
Total Operating Cash Receipts	403,694	29,386	433,080
Operating Cash Disbursements:			
Personal Services	859,336	0	859,336
Contractual Services	0	1,663	1,663
Supplies and Materials	0	437	437
Total Operating Cash Disbursements	859,336	2,100	861,436
Operating Income/(Loss)	(455,642)	27,286	(428,356)
Non-Operating Cash Receipts:			
Other Non-Operating Receipts	0	213,375	213,375
Total Non-Operating Cash Receipts	0	213,375	213,375
Non-Operating Cash Disbursements:			
Other Non-Operating Cash Disbursements	0	234,364	234,364
Total Non-Operating Cash Disbursements	0	234,364	234,364
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	(455,642)	6,297	(449,345)
Transfers-In	400,000	167	400,167
Transfers-Out	0	(645)	(645)
Net Receipts Over/(Under) Disbursements	(55,642)	5,819	(49,823)
Fund Cash Balances, January 1, 2003	161,852	46,516	208,368
Fund Cash Balances, December 31, 2003	\$106,210	\$52,335	\$158,545

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

**VILLAGE OF VALLEY VIEW
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Valley View, Cuyahoga 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, including maintenance of roads, rubbish collections, sanitary sewer/storm sewer facilities, building, zoning, safety services, fire and police protection.

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

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.

The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

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 Fund

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:

Park and Recreation Fund – This fund receives property tax money levied for the continued maintenance of Lombardo and Tiny Lane Parks.

**VILLAGE OF VALLEY VIEW
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Fund (Continued)

Recreation II Fund – This fund receives property tax money levied for the acquisition, development and continued maintenance of the Valley View Woods Park.

3. Debt Service Fund

These funds are used to accumulate resources for the payment of bonds and note indebtedness. The Village had the following significant debt service funds:

General Obligation Fund – This fund is used to account for the accumulation of resources for, and the payment of special assessment debt principal and interest.

Special Assessment Debt Fund – This fund is used to account for the acquisition of resources for, and the payment of special assessment debt principal and interest.

4. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following significant capital project fund:

Other Capital Project VI Fund – This fund is used for road repairs, engineering projects and purchase of equipment.

5. Internal Service Fund

The Internal Service Fund is used to account for goods or services provided by a central service department or agency to other departments or agencies of the governmental unit, or to other unrelated governmental units, usually on a cost reimbursement basis. The Village had the following significant Internal Service Fund:

Health Insurance Fund – This fund is used to account for health insurance premiums and payments made to the Village's third party administrator.

6. 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 significant fiduciary fund:

Mayor's Court Fund – This fund is used to account for the accumulation of resources for, and the payment of fines collected from violators subject to the Village's legal jurisdiction.

**VILLAGE OF VALLEY VIEW
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. The Village did not encumber all commitments required by Ohio law.

A summary of 2004 and 2003 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.

G. Accumulated Leave

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

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:

**VILLAGE OF VALLEY VIEW
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

	2004	2003
Demand deposits	\$5,038,915	\$4,834,040
STAR Ohio	5,020,001	4,900,000
Total deposits and investments	\$10,058,916	\$9,734,040

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, (2) collateralized by the financial institution's public entity deposit pool.

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2004 and 2003 is as follows:

2004 Budgeted vs. Actual Receipts			
	Budgeted	Actual	
Fund Type	Receipts	Receipts	Variance
General	\$10,600,875	\$10,578,595	(\$22,280)
Special Revenue	1,132,692	1,091,029	(41,663)
Debt Service	763,750	685,674	(78,076)
Capital Projects	1,755,688	1,657,402	(98,286)
Internal Service	688,483	688,453	(30)
Total	\$14,941,488	\$14,701,153	(\$240,335)

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
	Appropriation	Budgetary	
Fund Type	Authority	Expenditures	Variance
General	\$12,374,435	\$10,255,211	\$2,119,224
Special Revenue	1,717,232	1,447,569	269,663
Debt Service	782,140	776,149	5,991
Capital Projects	3,182,156	1,878,453	1,303,703
Internal Service	650,000	627,761	22,239
Total	\$18,705,963	\$14,985,143	\$3,720,820

**VILLAGE OF VALLEY VIEW
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$9,827,233	\$10,006,890	\$179,657
Special Revenue	1,171,668	1,149,281	(22,387)
Debt Service	655,000	669,388	14,388
Capital Projects	2,355,747	2,361,872	6,125
Internal Service	803,694	803,694	0
Total	<u>\$14,813,342</u>	<u>\$14,991,125</u>	<u>\$177,783</u>

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$13,191,631	\$10,858,785	\$2,332,846
Special Revenue	1,915,879	1,564,450	351,429
Debt Service	800,830	793,246	7,584
Capital Projects	4,094,947	3,125,014	969,933
Internal Service	870,000	859,336	10,664
Total	<u>\$20,873,287</u>	<u>\$17,200,831</u>	<u>\$3,672,456</u>

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 payments, the first half is due December 31. The second half payment is due the following June 20.

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

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

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

5. LOCAL INCOME TAX

The Village levies a municipal income tax of two 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's tax collection agent, the Regional Income Tax Agency, monthly. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

**VILLAGE OF VALLEY VIEW
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

6. DEBT

Debt outstanding at December 31, 2004 was as follows:

	Principal	Interest Rate
General Obligation Bonds	\$3,585,000	4% - 6%
Special Assessment Bonds	1,536,000	4.35% - 5.55%
Total	\$5,121,000	

The General Obligation Bonds were used to (1) retire bond anticipation notes issued in 1997, (2) retire the Village's Safety Center Bonds, dated December 1, 1990, and (3) provide funds related to the Community Center. The bonds were issued in the amount of \$5,365,000 and will be repaid in semi-annual varying principal and interest payments through 2017.

The Special Assessment Bonds related to road improvement projects which were assessed back to the residents in accordance with a resident approved levy. The bonds were issued in the amount of \$3,884,500 and will be repaid in semi-annual varying principal and interest payments through 2020.

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

	General Obligation Bonds	Special Assessment Bonds
Year ending December 31:		
2005	\$507,475	\$163,045
2006	523,275	142,668
2007	527,300	144,678
2008	535,425	146,423
2009	532,425	142,897
2010 - 2014	1,560,500	726,900
2015 - 2019	505,801	723,473
2020	0	142,493
Total	\$4,692,201	\$2,332,577

7. RETIREMENT SYSTEMS

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2004 and 2003, OP&F participants contributed 10% of their wages. The Village contributed an amount equal to 19.5% of police participant and 24% of fire participant wages. OPERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of participants' gross salaries in 2004 and 2003. The Village has paid all contributions required through December 31, 2004.

VILLAGE OF VALLEY VIEW
CUYAHOGA COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)

8. RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

Self Insurance

The Village provides health insurance, dental, vision and prescription coverage to full-time employees through their own self-insurance program administered by Benefit Services.

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Auditor of State Betty Montgomery

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

Village Council
Village of Valley View
Cuyahoga County
6848 Hathaway Road
Valley View, Ohio 44125

We have audited the financial statements of the Village of Valley View, Cuyahoga County, Ohio, (the Village) as of and for the years ended December 31, 2004 and December 31, 2003, and have issued our report thereon dated March 18, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 tested its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express 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 the Village's management in a separate letter dated March 18, 2005.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted a matter involving the internal control over financial reporting that does not require inclusion in this report that we have reported to the Village's management in a separate letter dated March 18, 2005.

This report is intended solely for the information and use of management and the 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

March 18, 2005



**Auditor of State
Betty Montgomery**

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VILLAGE OF VALLEY VIEW

CUYAHOGA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
APRIL 12, 2005**