

Valley View Local School District  
Montgomery County, Ohio

Single Audit

July 1, 2008 through June 30, 2009  
Fiscal Years Audited Under GAGAS: 2009



**Balestra, Harr & Scherer, CPAs, Inc.**

---

528 South West St, P.O. Box 687, Piketon, Ohio 45661 Phone: 740.289.4131 Fax: 740.289.3639





Mary Taylor, CPA  
Auditor of State

Board of Education  
Valley View Local School District  
64 Comstock Avenue  
Germantown, Ohio 45327

We have reviewed the *Independent Auditor's Report* of the Valley View Local School District, Montgomery County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period July 1, 2008 through June 30, 2009. 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. The Valley View Local School District is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

March 8, 2010

**This Page is Intentionally Left Blank.**

**Valley View Local School District**  
*Table of Contents*  
*For the Fiscal Year Ended June 30, 2009*

---

<u>TITLE</u>	<u>PAGE</u>
Independent Auditor’s Report.....	1
Management’s Discussion and Analysis.....	3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets .....	13
Statement of Activities.....	14
Fund Financial Statements:	
Balance Sheet – Governmental Funds.....	15
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities.....	16
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	17
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	18
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) – General Fund.....	19
Statement of Fiduciary Net Assets – Fiduciary Fund.....	20
Statement of Changes in Fiduciary Net Assets – Fiduciary Fund.....	21
Notes to the Basic Financial Statements.....	22
Schedule of Federal Awards Receipts and Expenditures.....	50
Notes to the Schedule of Federal Awards Receipts and Expenditures.....	51
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	52
Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133.....	54
Schedule of Findings and Questioned Costs OMB Circular A-133 §.505.....	56
Independent Auditor’s Report on Applying Agreed-Upon Procedures.....	58



## Independent Auditor's Report

Valley View Local School District  
Montgomery County  
64 Comstock Avenue  
Germantown, Ohio 45327

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Valley View Local School District (the District), Montgomery County, Ohio, as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

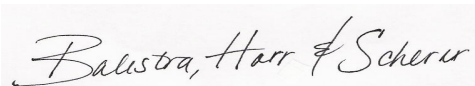
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the District, as of June 30, 2009, and the respective changes in financial position and the respective budgetary comparison for the General Fund, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2009 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements. The accompanying Schedule of Federal Awards Receipts and Expenditures is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

As described in Note 3, the District has implemented Governmental Accounting Standards Board (GASB) Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, GASB Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*, GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, and GASB Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statement on Auditing Standards*.



Balestra, Harr & Scherer, CPAs, Inc.  
December 21, 2009

**VALLEY VIEW LOCAL SCHOOL DISTRICT  
MONTGOMERY COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(UNAUDITED)**

The management's discussion and analysis of the Valley View Local School District's ("the District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2009. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key financial highlights for fiscal year 2009 are as follows:

- In total, net assets of governmental activities decreased \$324,457 which represents a 3.30% decrease from 2008.
- General revenues accounted for \$16,809,065 in revenue or 86.41% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$2,643,780 or 13.59% for total revenues of \$19,452,845.
- The District had \$19,777,302 in expenses related to governmental activities; only \$2,643,780 of these expenses was offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$16,809,065 were not adequate to provide for these programs.
- The District's only major governmental fund is the general fund. The general fund had \$17,665,470 in revenues and other financing sources and \$18,094,196 in expenditures and other financing uses. During fiscal year 2009, the general fund's fund balance decreased \$428,726 from \$6,598,845 to \$6,170,119.

**Using the Basic Financial Statements**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *statement of net assets* and *statement of activities* provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the District, the general fund is by far the most significant fund, and the only governmental fund reported as a major fund.

**Reporting the District as a Whole**

***Statement of Net Assets and the Statement of Activities***

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2009?" The statement of net assets and the statement of activities answer this question. These statements include *all assets, liabilities, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.



**VALLEY VIEW LOCAL SCHOOL DISTRICT  
MONTGOMERY COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(UNAUDITED)

These two statements report the District's *net assets* and changes in those assets. This change in net assets is important because it tells the reader that, for the District as a whole, the *financial position* of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the statement of net assets and the statement of activities, the governmental activities include the District's programs and services, including instruction, support services, operation of non-instructional services, extracurricular activities, latchkey and food service operations.

The District's statement of net assets and statement of activities can be found on pages 13 and 14 of this report.

**Reporting the District's Most Significant Funds**

***Fund Financial Statements***

The analysis of the District's major governmental fund begins on page 9. Fund financial reports provide detailed information about the District's major fund. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's only major governmental fund is the general fund.

***Governmental Funds***

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* than can readily be converted to cash. The governmental fund financial statements provide a detailed *short-term* view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the statement of net assets and the statement of activities) and governmental *funds* is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 15 - 19 of this report.

***Reporting the District's Fiduciary Responsibilities***

The District is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private-purpose trust fund. The District also acts in a trustee capacity as an agent for individuals. These activities are reported in an agency fund. All of the District's fiduciary activities are reported in separate statements of fiduciary net assets and changes in fiduciary net assets on pages 20 and 21. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

***Notes to the Basic Financial Statements***

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 22 - 49 of this report.

**VALLEY VIEW LOCAL SCHOOL DISTRICT  
MONTGOMERY COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(UNAUDITED)

**The District as a Whole**

The statement of net assets provides the perspective of the District as a whole.

The table below provides a summary of the District's net assets at June 30, 2009 and June 30, 2008.

	<b>Net Assets</b>	
	Governmental Activities 2009	Governmental Activities 2008
<b><u>Assets</u></b>		
Current and other assets	\$ 13,507,842	\$ 13,828,134
Capital assets, net	<u>4,935,258</u>	<u>4,871,411</u>
Total assets	<u>18,443,100</u>	<u>18,699,545</u>
<b><u>Liabilities</u></b>		
Current liabilities	7,180,391	6,929,994
Long-term liabilities	<u>1,750,415</u>	<u>1,932,800</u>
Total liabilities	<u>8,930,806</u>	<u>8,862,794</u>
<b><u>Net Assets</u></b>		
Invested in capital assets, net of related debt	4,175,929	3,987,211
Restricted	116,703	113,812
Unrestricted	<u>5,219,662</u>	<u>5,735,728</u>
Total net assets	<u>\$ 9,512,294</u>	<u>\$ 9,836,751</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2009, the District's assets exceeded liabilities by \$9,512,294. At year-end, restricted net assets were \$116,703.

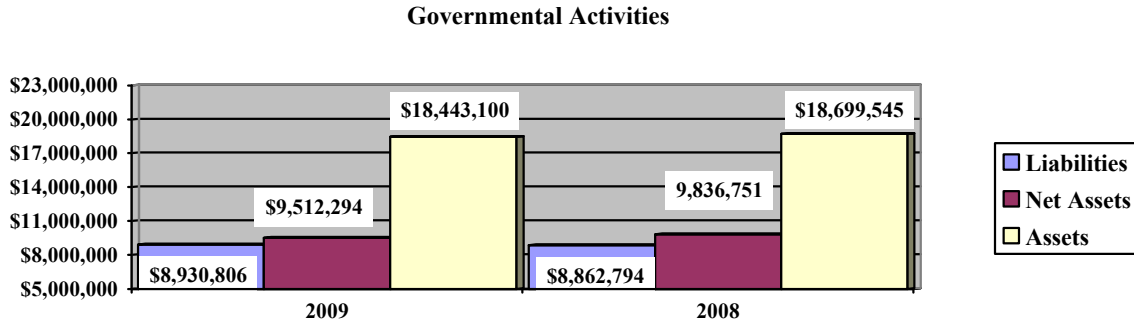
At year-end, capital assets represented 26.76% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2009, were \$4,175,929. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

The remaining balance of unrestricted net assets of \$5,219,662 may be used to meet the District's ongoing obligations to the students and creditors.

**VALLEY VIEW LOCAL SCHOOL DISTRICT  
MONTGOMERY COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(UNAUDITED)**

The graph below illustrates the governmental activities assets, liabilities and net assets at June 30, 2009 and 2008:



The table below shows the change in net assets for fiscal years 2009 and 2008.

**Change in Net Assets**

	Governmental Activities <u>2009</u>	Governmental Activities <u>2008</u>
<b><u>Revenues</u></b>		
Program revenues:		
Charges for services and sales	\$ 1,282,357	\$ 1,222,782
Operating grants and contributions	1,330,332	1,247,394
Capital grants and contributions	31,091	9,011
General revenues:		
Property taxes	4,941,432	5,212,355
School district income taxes	2,922,120	3,022,703
Grants and entitlements	8,505,044	8,416,267
Investment earnings	401,825	335,378
Other	38,644	31,214
Total revenues	<u>\$ 19,452,845</u>	<u>\$ 19,497,104</u>

**VALLEY VIEW LOCAL SCHOOL DISTRICT  
MONTGOMERY COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(UNAUDITED)

	<b>Change in Net Assets</b>	
	Governmental Activities <u>2009</u>	Governmental Activities <u>2008</u>
<b><u>Expenses</u></b>		
Program expenses:		
Instruction:		
Regular	\$ 8,474,869	\$ 7,860,930
Special	1,616,243	1,339,236
Vocational	354,817	369,097
Other	434,813	378,228
Support services:		
Pupil	1,016,356	987,627
Instructional staff	1,312,649	1,238,037
Board of education	25,976	23,613
Administration	1,428,187	1,339,118
Fiscal	326,399	286,681
Business	13,261	16,179
Operations and maintenance	1,814,964	1,622,318
Pupil transportation	1,098,454	865,603
Central	387,191	422,583
Extracurricular activities	603,416	644,341
Food service operations	718,153	717,334
Latchkey operations	91,061	80,573
Interest and fiscal charges	<u>60,493</u>	<u>55,744</u>
Total expenses	<u>19,777,302</u>	<u>18,247,242</u>
Change in net assets	(324,457)	1,249,862
Net assets at beginning of year	<u>9,836,751</u>	<u>8,586,889</u>
Net assets at end of year	<u>\$ 9,512,294</u>	<u>\$ 9,836,751</u>

**Governmental Activities**

Net assets of the District's governmental activities decreased \$324,457. Total governmental expenses of \$19,777,302 were offset by program revenues of \$2,643,780 and general revenues of \$16,809,065. Program revenues supported 13.37% of the total governmental expenses.

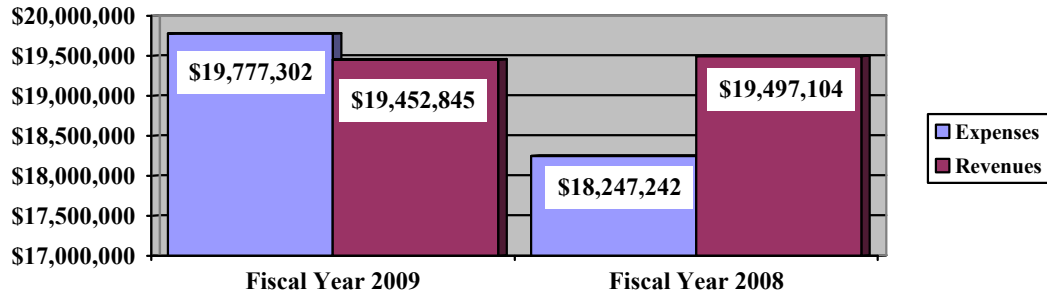
The primary sources of revenue for governmental activities are derived from property taxes, a school district income tax, and grants and entitlements. These revenue sources represent 84.14% of total governmental revenue. Real estate property is reappraised every six years and the school district income tax rate is 1.25%.

**VALLEY VIEW LOCAL SCHOOL DISTRICT  
MONTGOMERY COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(UNAUDITED)

The graph below presents the District's governmental activities revenue and expenses for fiscal year 2009 and 2008.

**Governmental Activities - Revenues and Expenses**



The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

**Governmental Activities**

	Total Cost of Services 2009	Net Cost of Services 2009	Total Cost of Services 2008	Net Cost of Services 2008
<b>Program expenses</b>				
Instruction:				
Regular	\$ 8,474,869	\$ 8,142,709	\$ 7,860,930	\$ 7,564,572
Special	1,616,243	745,482	1,339,236	485,635
Vocational	354,817	274,064	369,097	290,717
Other	434,813	434,813	378,228	377,713
Support services:				
Pupil	1,016,356	898,124	987,627	911,700
Instructional staff	1,312,649	1,238,200	1,238,037	1,167,606
Board of education	25,976	25,976	23,613	23,613
Administration	1,428,187	1,420,388	1,339,118	1,332,303
Fiscal	326,399	326,399	286,681	284,970
Business	13,261	13,261	16,179	16,179
Operations and maintenance	1,814,964	1,809,468	1,622,318	1,594,058
Pupil transportation	1,098,454	1,024,888	865,603	791,395
Central	387,191	367,760	422,583	403,452
Extracurricular activities	603,416	317,367	644,341	437,735
Food service operations	718,153	31,017	717,334	31,604
Latchkey operations	91,061	3,113	80,573	(941)
Interest and fiscal charges	60,493	60,493	55,744	55,744
<b>Total expenses</b>	<u>\$ 19,777,302</u>	<u>\$ 17,133,522</u>	<u>\$ 18,247,242</u>	<u>\$ 15,768,055</u>

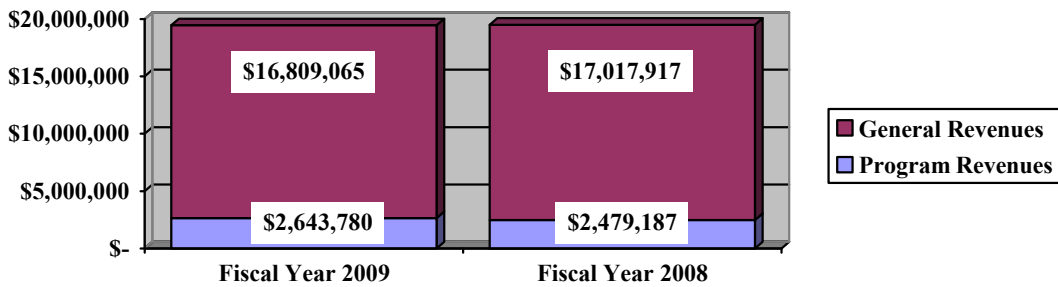
**VALLEY VIEW LOCAL SCHOOL DISTRICT  
MONTGOMERY COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(UNAUDITED)

The dependence upon tax and other general revenues for governmental activities is apparent, 88.20% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 86.63%. The District's taxpayers and unrestricted grants and entitlements are by far the primary support for District's students.

The graph below presents the District's governmental activities revenue for fiscal years 2009 and 2008.

**Governmental Activities - General and Program Revenues**



**The District's Funds**

The District's governmental funds (as presented on page 15) reported a combined fund balance of \$6,098,512, which is lower than last year's total of \$6,593,118. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2009 and 2008.

	Fund Balance (deficit) <u>June 30, 2009</u>	Fund Balance (deficit) <u>June 30, 2008</u>	<u>Decrease</u>
General	\$ 6,170,119	\$ 6,598,845	\$ (428,726)
Other Governmental	<u>(71,607)</u>	<u>(5,727)</u>	<u>(65,880)</u>
Total	<u>\$ 6,098,512</u>	<u>\$ 6,593,118</u>	<u>\$ (494,606)</u>

An analysis of the general fund revenues and expenditures is provided in the section below. The decrease in the fund balances of the other governmental funds is primarily due to a \$55,911 decrease in the fund balance of the Title VI-B fund. The decrease was a result of increased special instruction expenditures.

**General Fund**

The District's general fund's fund balance decreased \$428,726.

**VALLEY VIEW LOCAL SCHOOL DISTRICT  
MONTGOMERY COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(UNAUDITED)**

The table that follows assists in illustrating the financial activities and fund balance of the general fund.

	<u>2009</u> <u>Amount</u>	<u>2008</u> <u>Amount</u>	<u>Increase/</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
<b><u>Revenues</u></b>				
Taxes	\$ 7,859,373	\$ 8,261,270	\$ (401,897)	(4.86) %
Tuition	109,333	125,763	(16,430)	(13.06) %
Earnings on investments	406,278	318,090	88,188	27.72 %
Intergovernmental	9,075,823	8,946,666	129,157	1.44 %
Other revenues	<u>209,934</u>	<u>208,186</u>	<u>1,748</u>	0.84 %
Total	<u>\$ 17,660,741</u>	<u>\$ 17,859,975</u>	<u>\$ (199,234)</u>	(1.12) %
<b><u>Expenditures</u></b>				
Instruction	\$ 10,095,204	\$ 9,480,389	\$ 614,815	6.49 %
Support services	7,323,803	6,608,280	715,523	10.83 %
Extracurricular activities	431,586	421,109	10,477	2.49 %
Facilities acquisition and construction	410	26,263	(25,853)	(98.44) %
Capital outlay	4,629	323,849	(319,220)	(98.57) %
Debt Service	<u>185,364</u>	<u>152,967</u>	<u>32,397</u>	21.18 %
Total	<u>\$ 18,040,996</u>	<u>\$ 17,012,857</u>	<u>\$ 1,028,139</u>	6.04 %

Revenues of the general fund decreased \$199,234 or 1.12%. The most significant decrease was in the area of tax revenue. Tax revenue decreased \$401,897 or 4.86%. This decrease is due to a decrease of \$100,583 in income tax and a decrease of approximately \$500,000 in personal property tax revenue. This is due to the statewide phasing out of personal property taxes. Intergovernmental revenue increased 1.44% due to an increase in State reimbursements for the phasing out of the personal property tax.

Expenditures of the general fund increased \$1,028,139 or 6.04%. The most significant increases were in the areas of instruction and support services. Instruction and support services increased \$614,815 and \$715,523, respectively. These increases were the results of increases in employee contracts as well as increased spending in other areas. The decrease of \$319,220 in capital outlay is the result of the District entering into a capital lease during fiscal year 2008.

***General Fund Budgeting Highlights***

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

During the course of fiscal year 2009, the District amended its general fund budget numerous times. For the general fund, actual revenues and final budgeted revenues and other financing sources were \$17,789,167, which is lower than the original budgeted revenues and other financing sources estimate of \$17,865,472.

General fund original appropriations (appropriated expenditures plus other financing uses) of \$18,883,746 were decreased to \$18,445,331 in the final budget. The actual budget basis expenditures and other financing uses for fiscal year 2009 were the same as the final budget.

**VALLEY VIEW LOCAL SCHOOL DISTRICT  
MONTGOMERY COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(UNAUDITED)

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of fiscal year 2009, the District had \$4,935,258 invested in land, land improvements, buildings and improvements, furniture and equipment, and vehicles. This entire amount is reported in governmental activities.

The following table shows June 30, 2009 balances compared to June 30, 2008:

	<b>Capital Assets at June 30 (Net of Depreciation)</b>	
	<u>Governmental Activities</u>	
	<u>2009</u>	<u>2008</u>
Land	\$ 436,936	\$ 436,936
Land improvements	921,667	957,667
Building and improvements	2,397,198	2,311,958
Furniture and equipment	624,822	760,089
Vehicles	<u>554,635</u>	<u>404,761</u>
<b>Total</b>	<b><u>\$ 4,935,258</u></b>	<b><u>\$ 4,871,411</u></b>

Total additions to capital assets for 2009 were \$499,072. The District recorded \$435,225 in depreciation expense for fiscal year 2009.

Refer to Note 9 in the basic financial statements for further detail on the District's capital assets.

***Debt Administration***

At June 30, 2009, the District had \$763,958 in general obligation bonds and capital leases outstanding. Of this total, \$136,107 is due within one year and \$627,851 is due in greater than one year.

The following table summarizes the bonds and capital leases outstanding.

	<b>Outstanding Debt, at Year End</b>	
	Governmental Activities	Governmental Activities
	<u>2009</u>	<u>2008</u>
General obligation bonds	\$ 84,066	\$ 95,002
Capital leases	<u>679,892</u>	<u>789,198</u>
<b>Total</b>	<b><u>\$ 763,958</u></b>	<b><u>\$ 884,200</u></b>

The general obligation bonds are scheduled to mature in fiscal year 2015 and bear an interest rate of 6.90%. Payment of principal and interest on the general obligation bonds are being made from the general fund.

See Note 11 to the basic financial statements for further detail on the District's debt administration.



**VALLEY VIEW LOCAL SCHOOL DISTRICT  
MONTGOMERY COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(UNAUDITED)**

**Current Financial Related Activities**

The District continued to provide excellent services to our students, parents and community in fiscal year 2009 while spending less than the average Ohio school district. The Board of Education and management team have carefully managed general fund budgets in order to minimize the need for additional local support. Prior to fiscal year 2009, an Emergency Levy of an additional 5.25 mil was approved in August, 2004. The prudent management of District funds had allowed the District to fund student achievement without levying additional taxes to the local community for over nine years.

The District demonstrated continued success in fiscal year 2009 as indicated by the "effective" designation of our District on the Ohio Department of Education district report card. We maintained our effective rating with a combination of performance indicators (27 out of 30) and the performance index score (98.3). The District was able to provide the services necessary to obtain the student achievement while spending \$400 less per pupil than the average Ohio school district.

The District has a low industry base and relies heavily on residential support for local funding. The District operated at the 20 mill floor in fiscal year 2009, effectively collecting only 20 mills of property taxes on a total millage rate of 38.66 mills. The District also relies on two school district income tax levies that total 1.25%. A five-year .75% income tax levy was renewed on May 3, 2005 for calendar years 2006-2010 and a five-year .50% income tax levy was renewed in May, 2006 for calendar years 2007-2011. The passage of the .50% income tax renewal levy in 2006 was critical to the continued successful operations of the District.

The District relies significantly on funding from the State of Ohio due to the low local valuation of primarily residential development. The primary source of state funding is the state foundation program, which funded the District at a state funding share of 57.11% in fiscal year 2009. The district suffered losses due to several legislative actions, including HB 95 that reduced revenue for fiscal year 2005 and beyond and HB 66, which overhauled the business taxation system for the State beginning July 1, 2005 and initiated the phase out of the collection of tangible personal property taxes for the district. Due to HB 66, the District was slated to receive no revenue growth for the next two years based on the state's projected enrollment for the District. The District is anticipating no revenue growth from the state foundation program due to the decline of the economy and the financial situation of the State in the upcoming biennial budget for fiscal year 2010 and fiscal year 2011. Federal funding decreased in fiscal year 2009. The future of both State and Federal funding has been difficult to predict and the future of both is unknown.

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Ms. Carolyn Garver, Treasurer, Valley View Local School District, 64 Comstock Ave., Germantown, Ohio 45327.



BASIC  
FINANCIAL STATEMENTS

**VALLEY VIEW LOCAL SCHOOL DISTRICT  
MONTGOMERY COUNTY, OHIO**

STATEMENT OF NET ASSETS  
JUNE 30, 2009

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in pooled cash and investments . . . . .	\$ 7,617,918
Receivables:	
Property taxes . . . . .	4,709,277
Income taxes . . . . .	995,061
Accounts . . . . .	88,208
Accrued interest . . . . .	32,292
Intergovernmental . . . . .	62,106
Loans receivable . . . . .	30
Materials and supplies inventory . . . . .	2,950
Capital assets:	
Land . . . . .	436,936
Depreciable capital assets, net . . . . .	4,498,322
Total capital assets, net. . . . .	4,935,258
 Total assets . . . . .	 18,443,100
 <b>Liabilities:</b>	
Accounts payable. . . . .	535,483
Accrued wages and benefits . . . . .	1,853,303
Pension obligation payable. . . . .	467,017
Intergovernmental payable . . . . .	44,644
Unearned revenue . . . . .	4,279,944
Long-term liabilities:	
Due within one year. . . . .	179,241
Due within more than one year . . . . .	1,571,174
 Total liabilities . . . . .	 8,930,806
 <b>Net Assets:</b>	
Invested in capital assets, net of related debt. . . . .	4,175,929
Restricted for:	
Locally funded programs . . . . .	32,362
State funded programs . . . . .	8,743
Federally funded programs . . . . .	3,939
Student activities . . . . .	27,335
Other purposes . . . . .	44,324
Unrestricted . . . . .	5,219,662
 Total net assets . . . . .	 \$ 9,512,294

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**VALLEY VIEW LOCAL SCHOOL DISTRICT  
MONTGOMERY COUNTY, OHIO**

STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Expenses	Program Revenues			Net (Expense)
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Assets
					Governmental Activities
<b>Governmental activities:</b>					
Instruction:					
Regular . . . . .	\$ 8,474,869	\$ 266,395	\$ 65,765	\$ -	\$ (8,142,709)
Special . . . . .	1,616,243	13,749	857,012	-	(745,482)
Vocational . . . . .	354,817	9,594	71,159	-	(274,064)
Other . . . . .	434,813	-	-	-	(434,813)
Support services:					
Pupil . . . . .	1,016,356	114,022	4,210	-	(898,124)
Instructional staff . . . . .	1,312,649	-	74,449	-	(1,238,200)
Board of education . . . . .	25,976	-	-	-	(25,976)
Administration . . . . .	1,428,187	4,842	2,957	-	(1,420,388)
Fiscal . . . . .	326,399	-	-	-	(326,399)
Business . . . . .	13,261	-	-	-	(13,261)
Operations and maintenance . . . . .	1,814,964	5,496	-	-	(1,809,468)
Pupil transportation . . . . .	1,098,454	526	41,949	31,091	(1,024,888)
Central . . . . .	387,191	-	19,431	-	(367,760)
Extracurricular activities . . . . .	603,416	251,541	34,508	-	(317,367)
Food service operations . . . . .	718,153	540,688	146,448	-	(31,017)
Latchkey operations . . . . .	91,061	75,504	12,444	-	(3,113)
Interest and fiscal charges . . . . .	60,493	-	-	-	(60,493)
<b>Total governmental activities . . . . .</b>	<b>\$ 19,777,302</b>	<b>\$ 1,282,357</b>	<b>\$ 1,330,332</b>	<b>\$ 31,091</b>	<b>(17,133,522)</b>

**General Revenues:**

Taxes levied for:

General purposes . . . . .	4,941,432
School district income tax . . . . .	2,922,120
Grants and entitlements not restricted to specific programs . . . . .	8,505,044
Investment earnings . . . . .	401,825
Miscellaneous . . . . .	38,644

Total general revenues . . . . . 16,809,065

Change in net assets . . . . . (324,457)

**Net assets at beginning of year . . . . .** 9,836,751

**Net assets at end of year . . . . .** \$ 9,512,294

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**VALLEY VIEW LOCAL SCHOOL DISTRICT  
MONTGOMERY COUNTY, OHIO**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2009

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>			
Equity in pooled cash and investments . . . . .	\$ 7,357,387	\$ 259,918	\$ 7,617,305
Receivables:			
Property taxes . . . . .	4,709,277	-	4,709,277
Income taxes . . . . .	995,061	-	995,061
Accounts . . . . .	87,216	992	88,208
Intergovernmental . . . . .	-	62,106	62,106
Accrued interest . . . . .	32,292	-	32,292
Interfund loans . . . . .	86,500	-	86,500
Loans receivable . . . . .	30	-	30
Materials and supplies inventory . . . . .	-	2,950	2,950
Restricted assets:			
Equity in pooled cash and cash equivalents . . . . .	613	-	613
<b>Total assets . . . . .</b>	<u>\$ 13,268,376</u>	<u>\$ 325,966</u>	<u>\$ 13,594,342</u>
<b>Liabilities:</b>			
Accounts payable . . . . .	\$ 402,782	\$ 132,701	\$ 535,483
Accrued wages and benefits . . . . .	1,725,940	127,363	1,853,303
Compensated absences payable . . . . .	31,683	-	31,683
Interfund loans payable . . . . .	-	86,500	86,500
Pension obligation payable . . . . .	418,973	48,044	467,017
Intergovernmental payable. . . . .	41,679	2,965	44,644
Deferred revenue. . . . .	197,256	-	197,256
Unearned revenue . . . . .	4,279,944	-	4,279,944
<b>Total liabilities. . . . .</b>	<u>7,098,257</u>	<u>397,573</u>	<u>7,495,830</u>
<b>Fund Balances:</b>			
Reserved for encumbrances . . . . .	56,441	5,624	62,065
Reserved for materials and supplies inventory. . . . .	-	2,950	2,950
Reserved for property tax unavailable for appropriation . . . . .	320,056	-	320,056
Reserved for school bus purchases. . . . .	613	-	613
Reserved for unclaimed monies . . . . .	8,212	-	8,212
Unreserved, undesignated (deficit), reported in:			
General fund . . . . .	5,784,797	-	5,784,797
Special revenue funds. . . . .	-	(80,181)	(80,181)
<b>Total fund balances (deficit). . . . .</b>	<u>6,170,119</u>	<u>(71,607)</u>	<u>6,098,512</u>
<b>Total liabilities and fund balances. . . . .</b>	<u>\$ 13,268,376</u>	<u>\$ 325,966</u>	<u>\$ 13,594,342</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**VALLEY VIEW LOCAL SCHOOL DISTRICT  
MONTGOMERY COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET ASSETS OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2009

<b>Total governmental fund balances</b>		\$	6,098,512
 <i>Amounts reported for governmental activities on the statement of net assets are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			4,935,258
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.			
Property taxes receivable	\$	109,277	
Accounts receivable		68,475	
Accrued interest receivable		19,504	
		<u>          </u>	
Total			197,256
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
General obligation bonds		(84,066)	
Capital lease obligations		(679,892)	
Compensated absences payable		(954,774)	
		<u>          </u>	
Total			<u>(1,718,732)</u>
<b>Net assets of governmental activities</b>		<b>\$</b>	<b><u>9,512,294</u></b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**VALLEY VIEW LOCAL SCHOOL DISTRICT  
MONTGOMERY COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>			
From local sources:			
Property taxes . . . . .	\$ 4,937,253	\$ -	\$ 4,937,253
Income taxes . . . . .	2,922,120	-	2,922,120
Tuition . . . . .	109,333	-	109,333
Earnings on investments . . . . .	406,278	3,328	409,606
Charges for services . . . . .	-	540,688	540,688
Transportation fees . . . . .	526	-	526
Classroom materials and fees . . . . .	113,437	-	113,437
Extracurricular . . . . .	39,539	299,293	338,832
Rental income . . . . .	5,496	-	5,496
Contributions and donations . . . . .	400	51,737	52,137
Other local revenues . . . . .	50,536	114,309	164,845
Intergovernmental - state . . . . .	9,075,823	45,290	9,121,113
Intergovernmental - federal . . . . .	-	677,518	677,518
Total revenues . . . . .	<u>17,660,741</u>	<u>1,732,163</u>	<u>19,392,904</u>
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular . . . . .	8,187,613	70,789	8,258,402
Special . . . . .	1,100,586	480,174	1,580,760
Vocational . . . . .	372,192	-	372,192
Other . . . . .	434,813	-	434,813
Support Services:			
Pupil . . . . .	904,047	105,267	1,009,314
Instructional staff . . . . .	1,203,616	87,044	1,290,660
Board of education . . . . .	25,976	-	25,976
Administration . . . . .	1,409,246	8,288	1,417,534
Fiscal . . . . .	319,064	-	319,064
Business . . . . .	13,261	-	13,261
Operations and maintenance . . . . .	1,881,160	-	1,881,160
Pupil transportation . . . . .	1,239,407	-	1,239,407
Central . . . . .	328,026	59,404	387,430
Extracurricular activities . . . . .	431,586	251,287	682,873
Food service operations . . . . .	-	696,749	696,749
Latchkey operations . . . . .	-	91,061	91,061
Facilities acquisition and construction . . . . .	410	-	410
Capital outlay . . . . .	4,629	-	4,629
Debt service:			
Principal retirement . . . . .	124,871	-	124,871
Interest and fiscal charges . . . . .	60,493	-	60,493
Total expenditures . . . . .	<u>18,040,996</u>	<u>1,850,063</u>	<u>19,891,059</u>
Excess of expenditures over revenues . . . . .	<u>(380,255)</u>	<u>(117,900)</u>	<u>(498,155)</u>
<b>Other financing sources (uses):</b>			
Sale of assets . . . . .	100	816	916
Transfers in . . . . .	-	53,200	53,200
Transfers (out) . . . . .	(53,200)	-	(53,200)
Capital lease transaction . . . . .	4,629	-	4,629
Total other financing sources . . . . .	<u>(48,471)</u>	<u>54,016</u>	<u>5,545</u>
Net change in fund balances . . . . .	(428,726)	(63,884)	(492,610)
<b>Fund balance (deficit) at beginning of year.</b>	6,598,845	(5,727)	6,593,118
<b>Decrease in reserve for inventory . . . . .</b>	-	(1,996)	(1,996)
<b>Fund balances (deficit) at end of year . . . . .</b>	<u>\$ 6,170,119</u>	<u>\$ (71,607)</u>	<u>\$ 6,098,512</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



**VALLEY VIEW LOCAL SCHOOL DISTRICT  
MONTGOMERY COUNTY, OHIO**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

**Net change in fund balances - total governmental funds** \$ (492,610)

*Amounts reported for governmental activities in the statement of activities are different because:*

Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.

Capital asset additions	\$	499,072	
Current year depreciation		(435,225)	
Total			63,847

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes		4,179	
Classroom materials and fees		60,313	
Intergovernmental		(98)	
Earnings on investments		(4,453)	
Total			59,941

Repayments of bonds and capital lease obligations are expenditures in the governmental funds, but these repayments reduce long-term liabilities on the statement of net assets.

124,871

Capital lease transactions are recorded as an other financing source the funds, however, in the statement of activities, they are not reported as revenues as they increase liabilities on the statement of net assets.

(4,629)

Governmental funds report expenditures for inventory when purchased, however, in the statement of activities, they are reported as expenses when consumed.

(1,996)

Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

(73,881)

**Change in net assets of governmental activities** **\$ (324,457)**

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**VALLEY VIEW LOCAL SCHOOL DISTRICT  
MONTGOMERY COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
From local sources:				
Taxes . . . . .	\$ 5,037,588	\$ 5,016,050	\$ 5,016,050	\$ -
Income taxes . . . . .	3,050,648	3,037,606	3,037,606	-
Tuition. . . . .	109,802	109,333	109,333	-
Earnings on investments. . . . .	318,843	317,480	317,480	-
Transportation fees. . . . .	528	526	526	-
Extracurricular. . . . .	39,709	39,539	39,539	-
Classroom materials and fees. . . . .	113,924	113,437	113,437	-
Rental income . . . . .	5,520	5,496	5,496	-
Contributions and donations . . . . .	402	400	400	-
Other local revenues. . . . .	50,754	50,537	50,537	-
Intergovernmental - state . . . . .	<u>9,120,097</u>	<u>9,081,106</u>	<u>9,081,106</u>	-
Total revenues. . . . .	<u>17,847,815</u>	<u>17,771,510</u>	<u>17,771,510</u>	-
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	8,563,089	8,362,871	8,362,871	-
Special. . . . .	1,084,158	1,058,809	1,058,809	-
Vocational. . . . .	399,882	390,532	390,532	-
Other . . . . .	455,920	445,260	445,260	-
Support services:				
Pupil. . . . .	994,921	971,658	971,658	-
Instructional staff . . . . .	1,268,998	1,239,327	1,239,327	-
Board of education . . . . .	26,594	25,972	25,972	-
Administration. . . . .	1,426,011	1,392,669	1,392,669	-
Fiscal . . . . .	334,112	326,300	326,300	-
Business . . . . .	13,578	13,261	13,261	-
Operations and maintenance. . . . .	2,022,229	1,974,946	1,974,946	-
Pupil transportation . . . . .	1,256,343	1,226,968	1,226,968	-
Central. . . . .	340,137	332,184	332,184	-
Extracurricular activities. . . . .	454,280	443,658	443,658	-
Facilities acquisition and construction. . . . .	420	410	410	-
Debt service:				
Principal retirement . . . . .	69,990	68,354	68,354	-
Interest and fiscal charges . . . . .	<u>39,854</u>	<u>38,922</u>	<u>38,922</u>	-
Total expenditures . . . . .	<u>18,750,516</u>	<u>18,312,101</u>	<u>18,312,101</u>	-
Excess of expenditures over revenues. . . . .	<u>(902,701)</u>	<u>(540,591)</u>	<u>(540,591)</u>	-
<b>Other financing sources (uses):</b>				
Refund of prior year expenditure . . . . .	857	857	857	-
Transfers out . . . . .	(53,200)	(53,200)	(53,200)	-
Advances in. . . . .	16,700	16,700	16,700	-
Advances out . . . . .	(80,030)	(80,030)	(80,030)	-
Sale of assets . . . . .	<u>100</u>	<u>100</u>	<u>100</u>	-
Total other financing sources (uses) . . . . .	<u>(115,573)</u>	<u>(115,573)</u>	<u>(115,573)</u>	-
Net change in fund balance . . . . .	(1,018,274)	(656,164)	(656,164)	-
<b>Fund balance at beginning of year . . . . .</b>	7,169,069	7,169,069	7,169,069	-
<b>Prior year encumbrances appropriated . . . . .</b>	445,290	445,290	445,290	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 6,596,085</u>	<u>\$ 6,958,195</u>	<u>\$ 6,958,195</u>	<u>\$ -</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**VALLEY VIEW LOCAL SCHOOL DISTRICT  
MONTGOMERY COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2009

	<u>Private-Purpose Trust</u>	
	<u>Scholarship</u>	<u>Agency</u>
<b>Assets:</b>		
Equity in pooled cash and investments . . . . .	\$ 1,218,917	\$ 66,025
Receivables:		
Accrued interest . . . . .	2,738	-
	<u>1,221,655</u>	<u>66,025</u>
Total assets . . . . .	<u>1,221,655</u>	<u>\$ 66,025</u>
<b>Liabilities:</b>		
Accounts payable . . . . .	-	\$ 8,211
Loans payable . . . . .	-	30
Due to students . . . . .	-	57,784
	<u>-</u>	<u>66,025</u>
Total liabilities . . . . .	<u>-</u>	<u>\$ 66,025</u>
<b>Net Assets:</b>		
Held in trust for scholarships:		
Nonexpendable . . . . .	1,123,704	
Expendable . . . . .	97,951	
	<u>1,221,655</u>	
Total net assets . . . . .	<u>\$ 1,221,655</u>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**VALLEY VIEW LOCAL SCHOOL DISTRICT  
MONTGOMERY COUNTY, OHIO**

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	<b>Private-Purpose Trust</b>
	<b>Scholarship</b>
<b>Additions:</b>	
Interest . . . . .	\$ 68,549
Gifts and contributions. . . . .	750
	69,299
<b>Deductions:</b>	
Scholarships awarded . . . . .	45,000
	24,299
Change in net assets . . . . .	24,299
<b>Net assets at beginning of year . . . . .</b>	<b>1,197,356</b>
<b>Net assets at end of year. . . . .</b>	<b>\$ 1,221,655</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**VALLEY VIEW LOCAL SCHOOL DISTRICT  
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT**

The Valley View Local School District (the "District") is located in Montgomery County and encompasses the Villages of Germantown, Carlisle and Farmersville and the Townships of German, Jackson, Jefferson, Miami and Gratis. The District serves an area of approximately 68 square miles.

The District was established through the consolidation of existing land areas and school districts and is organized under Section 2 and 3, Article VI of the Constitution of the State of Ohio. Under such laws there is no authority for a school district to have a charter or adopt local laws. The legislative power of the District is vested in the Board of Education, consisting of five members elected at large for staggered four-year terms.

The District ranks as the 283<sup>rd</sup> largest by enrollment among the 922 public school districts in the State. It currently operates 2 elementary schools, 1 middle school, and 1 comprehensive high school. The District employs 107 non-certified and 145 certified employees to provide services to 1,989 students in grades K through 12 and various community groups.

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

The basic financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental activities provided they do not conflict with or contradict GASB pronouncements. The District's significant accounting policies are described below.

**A. Reporting Entity**

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units". The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's Governing Board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary governments financial statements incomplete or misleading. Based upon the application of these criteria, the District has no component units. The basic financial statements of the reporting entity include only those of the District (the primary government).

**VALLEY VIEW LOCAL SCHOOL DISTRICT  
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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

The following organizations are described due to their relationship to the District:

*JOINTLY GOVERNED ORGANIZATIONS*

Miami Valley Career Tech Vocational School

The vocational school district is a separate body politic and corporate, established by the Ohio Revised Code (ORC) to provide for the vocational and special education needs of its students. The Board of Education is comprised of 17 members elected from the 27 participating school districts. The school accepts non-tuition students from the District as a member school, however, it is considered to be a separate political subdivision and not part of the District. Financial information is available from Debbie Gossett, Treasurer, at 200 Lau Parkway, Clayton, Ohio 45315.

Southwestern Ohio Educational Purchasing Council (SOEPC)

SOEPC is a purchasing cooperative made up of nearly 100 school districts in Montgomery and surrounding counties. The Montgomery County Educational Service Center acts as fiscal agent for the group. The purpose of the cooperative is to obtain lower prices for supplies and materials commonly used by the member districts. The members are obligated to pay all fees, charges, and assessments as established by SOEPC. Each member district has one voting representative. Title to any and all equipment and supplies purchased by SOEPC is held in trust for the member districts by the fiscal agent. Any district withdrawing from SOEPC shall forfeit its claim to any and all SOEPC assets. One year of prior notice is necessary for withdrawal from the group. During this time, the withdrawing member is liable for all member obligations. Payments to SOEPC are made from the District's General fund. Financial information is available from SOEPC by contacting Ken Swink, Director, at 303 Corporate Center Drive, Suite 208, Vandalia, Ohio 45377.

Metropolitan Dayton Educational Cooperative Association (MDECA)

The District is a participant in MDECA, which is a computer consortium of 25 public school districts within the boundaries of Darke, Greene, Miami, and Montgomery Counties. The organization was formed for the purpose of applying modern technology (with the aid of computers and other electronic equipment) to administrative and instructional functions among member school districts. The governing board of MDECA consists of one representative from each district plus one representative from the fiscal agent. The District pays MDECA an enrollment based fee for services provided during the year. Financial information is available from Jerry C. Woodyard, Executive Director, at 225 Linwood Street, Dayton, Ohio 45405.

*RELATED ORGANIZATION*

Germantown Public Library

The Germantown Public Library is a distinct political subdivision of the State of Ohio, created in accordance with Chapter 3375, ORC. The Board of Education is responsible for appointing the trustees of the Library; however, the Board cannot influence the Library's operation, nor does the Library represent a potential financial benefit or burden to the District. Although the District does serve as the taxing authority and may issue tax related debt on behalf of the Library, its role is limited to a ministerial function. Once the Library determines to present a levy to the voters, including the determination of the rate and duration, the District must place the levy on the ballot. The Library may issue debt and determines its own budget. The Library did not receive any funding from the District during fiscal year 2009.

**VALLEY VIEW LOCAL SCHOOL DISTRICT  
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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

*INSURANCE PURCHASING POOL*

Ohio Association of School Business Officials Workers' Compensation Group Rating Plan

The District participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio Association of School Business Officials Workers' Compensation Group Rating Plan (the Plan) was established through the Ohio Association of School Business Officials (OASBO) as a group purchasing pool.

The Executive Director of the OASBO, or his designee, serves as coordinator of the Plan. Each year, the participating school district pays an enrollment fee to the Plan to cover the costs of administering the program.

**B. Fund Accounting**

The District 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. There are three categories of funds: governmental, proprietary and fiduciary.

*GOVERNMENTAL FUNDS*

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following is the District's major governmental fund:

General fund - The general fund is used to account for all financial resources except those required to be accounted for in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

Other governmental funds of the District are used to account for (a) for food service, latchkey and uniform school supplies operations; (b) for grants and other resources whose use is restricted to a particular purpose; and (c) for scholarship programs for students.

*PROPRIETARY FUNDS*

Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in the private sector. The District has no proprietary funds.

*FIDUCIARY FUNDS*

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The District's only trust fund is a private-purpose trust which accounts for a scholarship program for students.

**VALLEY VIEW LOCAL SCHOOL DISTRICT  
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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

Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's agency fund accounts for student activities.

**C. Basis of Presentation and Measurement Focus**

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

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the District. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the District.

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the District are included on the statement of net assets.

*Fund Financial Statements* - Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column, and all nonmajor funds are aggregated into one column. Fiduciary funds are reported by fund type.

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The private-purpose trust fund is reported using the economic resources measurement focus. Agency funds do not report a measurement focus as they do not report operations.

**D. Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting.



**VALLEY VIEW LOCAL SCHOOL DISTRICT  
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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

*Revenues - Exchange and Nonexchange Transactions* - Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of fiscal year end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6). Revenue from income taxes is recognized in the fiscal year in which the underlying exchange transaction occurred (See Note 7). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes available as an advance, income taxes, interest, tuition, grants, student fees and rentals.

*Unearned Revenue and Deferred Revenue* - Unearned revenue and deferred revenue arise when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2009, but which were levied to finance fiscal year 2010 operations, and other revenues received in advance of the fiscal year for which they are intended to finance, have been recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met are recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have been reported as deferred revenue.

*Expenses/Expenditures* - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities received during the year is reported in the fund financial statements as an expenditure with a like amount reported as intergovernmental revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

**VALLEY VIEW LOCAL SCHOOL DISTRICT  
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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

**E. Budgets**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control has been established at the fund level of expenditures for all funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

Tax Budget:

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The purpose of this budget document is to reflect the need for existing (or increased) tax rates. By no later than January 20, the Board-adopted budget is filed with Montgomery County Budget Commission for rate determination.

Estimated Resources:

By April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources, which states the projected revenue of each fund. Prior to July 1, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statements reflect the amounts from the certificate of estimated resources that was in effect at the time the original and final appropriations were passed by the Board of Education.

Appropriations:

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution is enacted by the Board of Education. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the District. The appropriation resolution, at the fund level for all funds, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures may not exceed the appropriation totals at any level of control. Any revisions that alter the level of budgetary control must be approved by the Board of Education.

**VALLEY VIEW LOCAL SCHOOL DISTRICT  
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, all supplemental appropriations were legally enacted.

Although the legal level of budgetary control was established at the fund level of expenditures, the budgetary statements present comparisons at the fund and function level of expenditures as elected by the District Treasurer.

The appropriation resolution is subject to amendment by the Board throughout the year with the restriction that appropriations may not exceed estimated revenues. The amounts reported as the original budget amounts reflect the first appropriation for that fund covered the entire fiscal year, including amounts automatically carried over from prior year. The amounts reported as the final budgeted amounts represent the original and final appropriation amounts passed by the Board during the year.

Lapsing of Appropriations:

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not reappropriated.

**F. Cash and Investments**

To improve cash management, cash received by the District is pooled in a central bank account. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "equity in pooled cash and investments" on the basic financial statements.

During fiscal year 2009, investments were limited to negotiable and nonnegotiable certificates of deposits, federal agency securities and a U.S. Government money market mutual fund. Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts, such as nonnegotiable certificates of deposit, are reported at cost.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. The Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2009 amounted to \$406,278 which includes \$15,137 assigned from other District funds.

For presentation on the basic financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

An analysis of the District's investment account at fiscal year end is provided in Note 4.

**VALLEY VIEW LOCAL SCHOOL DISTRICT  
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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

**G. Inventory**

On government-wide and fund financial statements, purchased inventories are presented at the lower of cost or market and donated commodities are presented at their entitlement value. Inventories are recorded on a first-in, first-out basis and are expensed when received. Inventories are accounted for using the purchase method on the fund statements and using the consumption method on the government-wide statements.

On the fund financial statements, reported material and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

Inventory consists of expendable supplies held for consumption, donated food and purchased food.

**H. Capital Assets**

General capital assets are those assets specifically related to governmental activities. These assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets, but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and deductions during the year. Donated capital assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$5,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets except land are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Land improvements	7 - 30 years
Buildings and improvements	7 - 40 years
Furniture and equipment	5 - 30 years
Vehicles	7 - 15 years

**I. Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables". These amounts are eliminated in the governmental activities column on the statement of net assets.

**VALLEY VIEW LOCAL SCHOOL DISTRICT  
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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

**J. Compensated Absences**

Compensated absences of the District consist of vacation leave and sick leave to the extent that payment to the employee for these absences is attributable to services already rendered and is not contingent on a specific event that is outside the control of the District and the employee.

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. A liability for sick leave is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for severance on employees expected to become eligible to retire in the future, all employees age fifty or greater with at least ten years of service and all employees with at least 15 years of service regardless of their age were considered expected to become eligible in accordance with GASB Statement No. 16.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at the balance sheet date, and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements.

**K. Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, compensated absences and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized on the fund financial statements when due.

**VALLEY VIEW LOCAL SCHOOL DISTRICT  
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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

**L. Fund Balance Reserves**

The District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, materials and supplies inventory, property tax unavailable for appropriation, prepayments, unclaimed monies, and school bus purchases. The reserve for property taxes unavailable for appropriation represents taxes recognized as revenue under GAAP, but not available for appropriation under State statute.

**M. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The amount restricted for other purposes represents amounts restricted for unclaimed monies, underground storage tanks, school bus purchases and the special trust fund (a nonmajor governmental fund).

The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

**N. Restricted Assets**

Restricted assets in the general fund represent cash and cash equivalents set-aside to establish a school bus purchase reserve. These reserves are required by State statute. A schedule of statutory reserves is presented in Note 18.

**O. Estimates**

The preparation of the basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and accompanying notes. Actual results may differ from those estimates.

**P. Interfund Activity**

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the basic financial statements.

**VALLEY VIEW LOCAL SCHOOL DISTRICT  
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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

**Q. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2009.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

For fiscal year 2009, the District has implemented GASB Statement No. 49, "Accounting and Financial Reporting for Pollution Remediation Obligations", GASB Statement No. 52, "Land and Other Real Estate Held as Investments by Endowments", GASB Statement No. 55, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments", and GASB Statement No. 56 "Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards".

GASB Statement No. 49 addresses accounting and financial reporting standards for pollution remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. The implementation of GASB Statement No. 49 did not have an effect on the financial statements of the District.

GASB Statement No. 52 establishes consistent standards for the reporting of land and other real estate held as investments by essentially similar entities. It requires endowments to report their land and other real estate investments at fair value. The implementation of GASB Statement No. 52 did not have an effect on the financial statements of the District.

GASB Statement No. 55 incorporates the hierarchy of generally accepted accounting principles (GAAP) for State and local governments into the GASB's authoritative literature. The implementation of GASB Statement No. 55 did not have an effect on the financial statements of the District.

GASB Statement No. 56 incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants' (AICPA) Statements on Auditing Standards. The implementation of GASB Statement No. 56 did not have an effect on the financial statements of the District.

**VALLEY VIEW LOCAL SCHOOL DISTRICT  
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)**

**B. Deficit Fund Balances**

Fund balances at June 30, 2009 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
Food service	\$ 113,215
Latchkey operations	15,994
Entry year programs	12
Title VI-B	25,694
Title I	33,258
Reducing class size	115

The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances in the food service, entry year programs and reducing class size funds are the result of adjustments for accrued liabilities. The deficit fund balances in the latchkey operations, Title VI-B and Title I funds are a result of both adjustments for accrued liabilities and the recording of advances as short-term interfund loans rather than other financing sources.

**NOTE 4 - DEPOSITS AND INVESTMENTS**

State statutes classify monies held by the District into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the District treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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

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

Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;



**VALLEY VIEW LOCAL SCHOOL DISTRICT  
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (State Treasury Asset Reserve of Ohio (STAR Ohio));
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**A. Deposits with Financial Institutions**

At June 30, 2009, the carrying amount of all District deposits was \$2,750,655. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2009, \$800,455 of the District's bank balance of \$2,835,321 was exposed to custodial risk as discussed below, while \$2,034,866 was covered by the FDIC.

**VALLEY VIEW LOCAL SCHOOL DISTRICT  
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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

Custodial credit risk is the risk that, in the event of bank failure, the District's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

**B. Investments**

As of June 30, 2009, the District had the following investments and maturities:

<u>Investment type</u>	<u>Fair Value</u>	<u>6 months or less</u>	<u>7 to 12 months</u>	<u>13 to 18 months</u>	<u>19 to 24 months</u>	<u>Greater than 24 months</u>
U.S. Government money market	\$ 647,025	\$ 647,025	\$ -	\$ -	\$ -	\$ -
Negotiable cd's	2,186,548	494,726	901,669	100,748	395,912	293,493
FHLMC	2,809,882	-	-	800,536	-	2,009,346
FHLB	508,750	-	508,750	-	-	-
<b>Total</b>	<b>\$ 6,152,205</b>	<b>\$ 1,141,751</b>	<b>\$ 1,410,419</b>	<b>\$ 901,284</b>	<b>\$ 395,912</b>	<b>\$ 2,302,839</b>

The weighted average maturity of investments is 1.61 years.

*Interest Rate Risk:* As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the District's investment policy limits investment portfolio maturities to five years or less.

*Credit Risk:* The District's investments were rated AAA and Aaa by Standard & Poor's and Moody's Investor Services, respectively. Standard & Poor's has assigned the U.S. Government money market an AAAM money market rating.

*Custodial Credit Risk:* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The federal agency securities are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent but not in the District's name. The District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

**VALLEY VIEW LOCAL SCHOOL DISTRICT  
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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

*Concentration of Credit Risk:* The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2009:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
U.S. Government money market	\$ 647,025	10.52
Negotiable cd's	2,186,548	35.54
FHLMC	2,809,882	45.67
FHLB	<u>508,750</u>	<u>8.27</u>
Total	<u>\$ 6,152,205</u>	<u>100.00</u>

**D. Reconciliation of cash and investment to the statement of net assets**

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net assets as of June 30, 2009:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 2,750,655
Investments	<u>6,152,205</u>
Total	<u>\$ 8,902,860</u>
<u>Cash and investments per statement of net assets</u>	
Governmental activities	\$ 7,617,918
Private-purpose trust funds	1,218,917
Agency funds	<u>66,025</u>
Total	<u>\$ 8,902,860</u>

**NOTE 5 - INTERFUND TRANSACTIONS**

**A.** Interfund loans receivable/payable consisted of the following at June 30, 2009, as reported on the fund statements:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General	Nonmajor governmental funds	\$ 86,500
General	Agency fund	<u>30</u>
Total interfund loans receivable/payable		<u>\$ 86,530</u>

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received.

Interfund loans between governmental funds are eliminated for reporting in the statement of net assets.

**VALLEY VIEW LOCAL SCHOOL DISTRICT  
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

**NOTE 5 - INTERFUND TRANSACTIONS - (Continued)**

Interfund loans between governmental funds and agency funds appear as “loans receivable/payable” on the statement of net assets, the balance sheet and the statement of fiduciary net assets.

- B.** Interfund transfers for the year ended June 30, 2009, consisted of the following, as reported on the fund statements:

Transfers from general fund to:	<u>Amount</u>
Nonmajor governmental funds	\$ 53,200

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

All transfers were made in compliance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

Interfund transfers between governmental funds are eliminated for reporting in the statement of activities.

**NOTE 6 - PROPERTY TAXES**

Property taxes are levied and assessed on a calendar year basis while the District fiscal year runs from July through June. First half tax collections are received by the District in the second half of the fiscal year. Second half tax distributions occur in the first half of the following fiscal year.

Property taxes include amounts levied against all real property, public utility property and tangible personal (used in business) property located in the District. Real property tax revenues received in calendar year 2009 represent the collection of calendar year 2008 taxes. Real property taxes received in calendar year 2009 were levied after April 1, 2008, on the assessed values as of January 1, 2008, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2009 represent the collection of calendar year 2008 taxes. Public utility real and tangible personal property taxes received in calendar year 2009 became a lien on December 31, 2007, were levied after April 1, 2008, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

**VALLEY VIEW LOCAL SCHOOL DISTRICT  
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

**NOTE 6 - PROPERTY TAXES - (Continued)**

Tangible personal property tax revenues received in calendar year 2009 (other than public utility property) represent the collection of calendar year 2009 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2008 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. Tangible personal property taxes received from telephone companies in calendar year 2009 were levied after October 1, 2008, on the value as of December 31, 2008. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

The District receives property taxes from Montgomery and Preble Counties. The County Auditors periodically advance to the Districts its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2009, are available to finance fiscal year 2009 operations. The amount available as an advance at June 30, 2009 was \$320,056 in the general fund. This amount is recorded as revenue. The amount available for advance at June 30, 2008 was \$398,855 in the general fund. The amount of second-half real property taxes available for advance at fiscal year end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2009 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to unearned revenue.

On the accrual basis of accounting, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis of accounting the revenue has been deferred.

The assessed values upon which the fiscal year 2009 taxes were collected are:

	2008 Second Half Collections		2009 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 205,714,310	93.22	\$ 213,418,210	93.66
Public utility personal	11,934,030	5.41	11,793,490	5.18
Tangible personal property	<u>3,036,628</u>	<u>1.37</u>	<u>2,654,180</u>	<u>1.16</u>
Total	<u>\$ 220,684,968</u>	<u>100.00</u>	<u>\$ 227,865,880</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$46.39		\$46.39	

**VALLEY VIEW LOCAL SCHOOL DISTRICT  
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

**NOTE 7 - SCHOOL DISTRICT INCOME TAX**

In fiscal year 1991, the voters of the District passed a .50% income tax, effective for five years. This income tax was renewed by the voters in 2006 for calendar years 2007 - 2011. In fiscal year 1995, voters of the District passed an additional .75% income tax, and renewed it in fiscal year 2006 for calendar years 2007 - 2010. The tax is collected by the State of Ohio and remitted to the District quarterly. Total income tax revenue for fiscal year 2009 credited to the general fund was \$2,922,120.

**NOTE 8 - RECEIVABLES**

Receivables at June 30, 2009 consisted of taxes (both property taxes and income taxes), accounts (billings for user charged services and student fees), accrued interest, and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds.

A summary of the principal items of receivables reported on the statement of net assets follows:

**Governmental activities:**

Property taxes	\$ 4,709,277
Income taxes	995,061
Accounts	88,208
Accrued interest	32,292
Intergovernmental	<u>62,106</u>
Total	<u>\$ 5,886,944</u>

Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected in the subsequent year.

**VALLEY VIEW LOCAL SCHOOL DISTRICT  
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

**NOTE 9 - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2009 was as follows:

	<u>Balance 06/30/08</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 06/30/09</u>
<b>Governmental activities:</b>				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 436,936	\$ -	\$ -	\$ 436,936
Total capital assets, not being depreciated	<u>436,936</u>	<u>-</u>	<u>-</u>	<u>436,936</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	1,587,704	-	-	1,587,704
Buildings and improvements	6,589,708	210,485	-	6,800,193
Furniture and equipment	2,556,966	37,737	-	2,594,703
Vehicles	<u>1,346,861</u>	<u>250,850</u>	<u>(147,361)</u>	<u>1,450,350</u>
Total capital assets, being depreciated	<u>12,081,239</u>	<u>499,072</u>	<u>(147,361)</u>	<u>12,432,950</u>
<i>Less: accumulated depreciation</i>				
Land improvements	(630,037)	(36,000)	-	(666,037)
Buildings and improvements	(4,277,750)	(125,245)	-	(4,402,995)
Furniture and equipment	(1,796,877)	(173,004)	-	(1,969,881)
Vehicles	<u>(942,100)</u>	<u>(100,976)</u>	<u>147,361</u>	<u>(895,715)</u>
Total accumulated depreciation	<u>(7,646,764)</u>	<u>(435,225)</u>	<u>147,361</u>	<u>(7,934,628)</u>
Governmental activities capital assets, net	<u>\$ 4,871,411</u>	<u>\$ 63,847</u>	<u>\$ -</u>	<u>\$ 4,935,258</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:

Regular	\$ 184,080
Special	24,874
Vocational	6,805

Support services:

Pupil	1,119
Instructional staff	3,977
Administration	7,226
Fiscal	5,637
Operations and maintenance	23,629
Pupil transportation	108,166
Central	4,531
Extracurricular activities	51,531
Food service operations	<u>13,650</u>

Total depreciation expense \$ 435,225

**VALLEY VIEW LOCAL SCHOOL DISTRICT  
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

**NOTE 10 - CAPITALIZED LEASES - LESSEE DISCLOSURE**

In the current and previous years the District has entered into leases for a building and copiers. These leases meet the criteria of a capital lease as defined by FASB Statement No. 13, "Accounting for Leases", which defines a capital lease generally as one that transfers benefits and risks of ownership to the lessee at the conclusion of the lease term.

Capital lease payments have been reclassified and are reflected as debt service expenditures in the statement of revenues, expenditures and changes in fund balances - general fund. These expenditures are reflected as program/function expenditures on a budgetary basis. Capital assets acquired by lease and the related lease obligation liability have been reported on the statement of net assets.

Capital assets consisting of buildings and equipment have been capitalized in the amount of \$1,163,849. These amounts represent the present value of the minimum lease payments at the time of acquisition. Accumulated depreciation as of June 30, 2009 for the buildings and equipment was \$159,606 and \$97,155, respectively, leaving a current book value of \$680,400 and \$226,694, respectively. Principal payments for fiscal year 2009 totaled \$57,418 and \$56,517. This amount is reflected as debt service principal retirement in the general fund.

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the future minimum lease payments as of June 30, 2009:

Fiscal Year <u>Ending June 30,</u>	<u>Building</u>	<u>Copiers</u>	<u>Total</u>
2010	\$ 90,042	\$ 79,707	\$ 169,749
2011	90,040	80,184	170,224
2012	90,137	80,184	170,321
2013	90,037	33,410	123,447
2014	90,039	-	90,039
2015	<u>90,039</u>	<u>-</u>	<u>90,039</u>
Total future minimum lease payments	540,334	273,485	813,819
Less: amount representing interest	<u>(98,990)</u>	<u>(34,937)</u>	<u>(133,927)</u>
Present value of future minimum lease payments	<u>\$ 441,344</u>	<u>\$ 238,548</u>	<u>\$ 679,892</u>



**VALLEY VIEW LOCAL SCHOOL DISTRICT  
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

**NOTE 11 - LONG-TERM OBLIGATIONS**

During the fiscal year 2009, the following activity occurred in governmental activities long-term obligations:

	<u>Issued</u>	<u>Due</u>	<u>Interest Rate</u>	<u>Balance 06/30/08</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance 06/30/09</u>	<u>Amount Due in One Year</u>
<u>G.O. Bonds Payable</u>								
Facility acquisition	2000	2015	6.9%	\$ 95,002	\$ -	\$ (10,936)	\$ 84,066	\$ 11,716
Total G.O. bonds				<u>95,002</u>	<u>-</u>	<u>(10,936)</u>	<u>84,066</u>	<u>11,716</u>
<u>Other Long-Term Obligations</u>								
Capital lease obligation				789,198	4,629	(113,935)	679,892	124,391
Compensated absences				<u>1,048,600</u>	<u>153,928</u>	<u>(216,071)</u>	<u>986,457</u>	<u>43,134</u>
Total other long-term obligations				<u>1,837,798</u>	<u>158,557</u>	<u>(330,006)</u>	<u>1,666,349</u>	<u>167,525</u>
Total governmental activities				<u>\$ 1,932,800</u>	<u>\$ 158,557</u>	<u>\$ (340,942)</u>	<u>\$ 1,750,415</u>	<u>\$ 179,241</u>

During fiscal year 2000, the District issued un-voted general obligation bonds to provide funds for the acquisition of a new building. These bonds are general obligations of the District for which the full faith and credit of the District are pledged for repayment. Accordingly, such unmatured obligations of the District are accounted for in the statement of net assets.

By agreement with the County Budget Commission, and in accordance with Ohio law, the District has converted a portion of its "inside", or un-voted millage to provide the source of repayment for these bonds. Ohio statutes allow for the issuance of un-voted general obligation debt to the extent that the par amount of said debt does not exceed 1/10 of 1% of the valuation (at issuance date) of the District.

Principal and interest requirements to for general obligation bonds outstanding at June 30, 2009, are as follows:

Fiscal Year Ending June 30	<u>General Obligation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 11,716	\$ 5,435	\$ 17,151
2011	12,550	4,600	17,150
2012	13,444	3,706	17,150
2013	14,401	2,749	17,150
2014	15,427	1,723	17,150
2015	<u>16,528</u>	<u>624</u>	<u>17,152</u>
Total	<u>\$ 84,066</u>	<u>\$ 18,837</u>	<u>\$ 102,903</u>

**VALLEY VIEW LOCAL SCHOOL DISTRICT  
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

**NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)**

**Legal Debt Margin**

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2009, are a voted debt margin of \$20,183,721 and an unvoted debt margin of \$225,198.

**NOTE 12 - OTHER EMPLOYEE BENEFITS**

**A. Compensated Absences**

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Upon retirement, payment is made to certified and classified employees for one-fourth of accrued, but unused, sick leave credit.

**B. Insurance Benefits**

The District provides life insurance and accidental death and dismemberment insurance to most employees through Horace Mann Life Insurance Company.

**NOTE 13 - RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District carries general liability insurance coverage through a commercial carrier. Absent the deductible, the risk of loss transfers entirely to the commercial carrier.

The District purchases health and dental insurance through the Southwestern Ohio Educational Purchasing Council Benefit Plan Trust (the "Trust"). The Trust is a public entity risk pool currently operating as a common risk management and insurance program. The intent of the Trust is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the Trust.

The District purchases workers' compensation insurance through Sheakley UniService, Inc. via the Ohio Association of School Business Officials Group Rating Plan.

Post employment health care is provided to plan participants or their beneficiaries through the respective retirement systems discussed in Note 15. As such, no funding provisions are required by the District.

**VALLEY VIEW LOCAL SCHOOL DISTRICT  
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

**NOTE 13 - RISK MANAGEMENT - (Continued)**

The District continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There has been no significant reduction in amounts of insurance coverage from fiscal year 2008.

**NOTE 14 - PENSION PLANS**

**A. School Employees Retirement System**

Plan Description - The District contributes to the School Employees Retirement System (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, [www.ohsers.org](http://www.ohsers.org), under *Forms and Publications*.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2009, 9.09 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2009, 2008 and 2007 were \$228,744, \$223,609 and \$236,378, respectively; 44.01 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

**B. State Teachers Retirement System of Ohio**

Plan Description - The District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio website at [www.strsoh.org](http://www.strsoh.org).

**VALLEY VIEW LOCAL SCHOOL DISTRICT  
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

**NOTE 14 - PENSION PLANS - (Continued)**

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - For fiscal year 2009, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2009, 2008 and 2007 were \$1,139,530, \$1,049,515 and \$1,035,405, respectively; 82.18 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007. Contributions to the DC and Combined Plans for fiscal year 2009 were \$23,547 made by the District and \$35,908 made by the plan members.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2009, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

**VALLEY VIEW LOCAL SCHOOL DISTRICT  
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

**NOTE 15 - POSTEMPLOYMENT BENEFITS**

**A. School Employees Retirement System**

Plan Description - The District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2009, 4.16 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2009, the actuarially determined amount was \$35,800.

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

The District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2009, 2008, and 2007 were \$153,953, \$137,272 and \$111,421, respectively; 44.01 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2009, this actuarially required allocation was 0.75 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2009, 2008, and 2007 were \$18,873, \$16,112 and \$16,074, respectively; 44.01 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

**B. State Teachers Retirement System of Ohio**

Plan Description - The District contributes to the cost sharing, multiple employer defined benefit Health Plan (the "Plan") administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting [www.strsoh.org](http://www.strsoh.org) or by calling (888) 227-7877.

**VALLEY VIEW LOCAL SCHOOL DISTRICT  
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

**NOTE 15 - POSTEMPLOYMENT BENEFITS - (Continued)**

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2009, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007 were \$87,656, \$79,647 and \$75,922, respectively; 82.18 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

**NOTE 16 - BUDGETARY BASIS OF ACCOUNTING**

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The statement of revenues, expenditures, and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to a reservation of fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis); and,
- (e) Investments are reported at fair value (GAAP basis) rather than cost (budget basis).

**VALLEY VIEW LOCAL SCHOOL DISTRICT  
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

**NOTE 16 - BUDGETARY BASIS OF ACCOUNTING - (Continued)**

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the general fund is as follows:

**Net Change in Fund Balance**

	<u>General Fund</u>
Budget basis	\$ (656,164)
Net adjustment for revenue accruals	(110,769)
Net adjustment for expenditure accruals	(100,107)
Net adjustment for other sources/uses	67,102
Adjustment for encumbrances	<u>371,212</u>
GAAP basis	<u>\$ (428,726)</u>

**NOTE 17 - CONTINGENCIES**

**A. Grants**

The District receives significant financial assistance from numerous federal, State and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

**B. Litigation**

The District is not party to legal proceedings which, in the opinion of District management, will have a material effect, if any, on the financial condition of the District.

**VALLEY VIEW LOCAL SCHOOL DISTRICT  
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

**NOTE 18 - STATUTORY RESERVES**

The District is required by State statute to annually set-aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at year end. These amounts must be carried forward to be used for the same purposes in future years. During the fiscal year ended June 30, 2009, the reserve activity was as follows:

	<u>Textbooks/ Instructional Materials</u>	<u>Capital Acquisition</u>
Set-aside balance as of June 30, 2008	\$ (512,118)	\$ (36,035)
Current year set-aside requirement	311,136	311,136
Qualifying disbursements	<u>(362,800)</u>	<u>(363,867)</u>
Total	<u>\$ (563,782)</u>	<u>\$ (88,766)</u>
Balance carried forward to fiscal year 2010	<u>\$ (563,782)</u>	<u>\$ (88,766)</u>

The District had qualifying disbursements during the year that reduced the textbooks/instructional materials and capital acquisition set-aside amount below zero. These extra amounts may be used to reduce the set-aside requirements of future years.

In addition to the above statutory reserves, the District also received monies restricted for school bus purchases.

A schedule of the governmental fund restricted assets at June 30, 2009 follows:

Amount restricted for school bus purchases	<u>\$ 613</u>
--	---------------



Valley View Local School District  
Montgomery County

Schedule of Federal Awards Receipts and Expenditures  
For the Fiscal Year Ended June 30, 2009

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<b>United States Department of Agriculture</b>						
<i>Passed through Ohio Department of Education</i>						
National School Lunch Program	LLP4	10.555	\$ 100,937	\$ 30,463	\$ 100,937	\$ 30,463
<b>Total United States Department of Agriculture</b>			<b>100,937</b>	<b>30,463</b>	<b>100,937</b>	<b>30,463</b>
<b>United States Department of Education</b>						
<i>Passed through Ohio Department of Education</i>						
Special Education Grants to States	6BSF	84.027	332,200	-	356,050	-
Special Education Preschool Grants	6BSF	84.173	7,574	-	8,002	-
Total Special Education Cluster			339,774	-	364,052	-
Title I Grants to Local Educational Agencies	C1S1	84.010	156,628	-	135,921	-
Safe and Drug-Free Schools and Communities State Grants	DRS1	84.186	3,969	-	4,713	-
State Grants for Innovative Programs	C2S1	84.298	3,610	-	4,416	-
Education Technology State Grants	TJS1	84.318	1,812	-	2,516	-
Improving Teacher Quality State Grants	TRS1	84.367	59,874	-	57,619	-
Total Passed through Ohio Department of Education			565,667	-	569,237	-
<b>Total United States Department of Education</b>			<b>565,667</b>	<b>-</b>	<b>569,237</b>	<b>-</b>
<b>Total Federal Financial Assistance</b>			<b>\$ 666,604</b>	<b>\$ 30,463</b>	<b>\$ 670,174</b>	<b>\$ 30,463</b>

See Notes to the Schedule of Federal Awards Receipts and Expenditures.

**Valley View Local School District**  
*Notes to the Schedule of Federal Awards Receipts and Expenditures*  
*For the Fiscal Year Ended June 30, 2009*

---

**NOTE A – SIGNIFICANT ACCOUNTING POLICIES**

The accompanying schedule of federal awards receipts and expenditures includes the federal grant activity of the District and is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**NOTE B – FOOD DONATION**

Program regulations do not require the District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This non-monetary assistance (expenditures) is reported in the schedule using the entitlement value of the commodities received.

**NOTE C – MATCHING REQUIREMENTS**

Certain federal programs require the District to contribute non-federal (matching funds) to support the federally-funded programs. The District has complied with the matching requirements. The expenditure of non-federal matching funds is not included on the schedule.



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

Valley View Local School District  
Montgomery County  
64 Comstock Avenue  
Germantown, Ohio 45327

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Valley View Local School District (the District) as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents and have issued our report thereon dated December 21, 2009 in which we indicate that the District implemented GASB Statements No. 49, 52, 55, and 56. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Governmental Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the District's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weakness. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weakness, as defined above.

Valley View Local School District  
Montgomery County

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

Page 2

**Compliance and Other Matters**

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express 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*.

We intended this report solely for the information and use of the management, Board of Education, and federal awarding agencies and pass-through entities. We intend it for no one other than these specified parties.



Balestra, Harr & Scherer, CPAs, Inc.  
December 21, 2009



**Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133**

Valley View Local School District  
Montgomery County  
64 Comstock Avenue  
Germantown, Ohio 45327

**Compliance**

We have audited the compliance of the Valley View Local School District (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that apply to its major federal program for the year ended June 30, 2009. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal program. The District's management is responsible for complying with the requirements of laws, regulations, contracts and grants applicable to its major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended June 30, 2009.

**Internal Control Over Compliance**

The District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

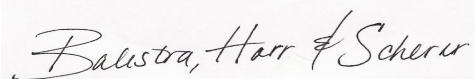
**Internal Control Over Compliance (Continued)**

A control deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that the District's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the District's internal control will not prevent or detect material noncompliance with a federal program's compliance requirement.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

We intend this report solely for the information and use of the management, Board of Education, and federal awarding agencies and pass-through entities. It is not intended for anyone other than these specified parties.



Balestra, Harr & Scherer, CPAs, Inc.  
December 21, 2009

**Valley View Local School District**  
 Schedule of Findings and Questioned Costs  
 OMB Circular A-133 Section .505  
 For the Fiscal Year Ended June 30, 2009

**SUMMARY OF AUDITOR'S RESULTS**

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other significant deficiencies reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any other significant deficiencies reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under section .510?	No
(d)(1)(vii)	Major Programs (list):	Special Education Cluster, CFDA #84.027 and #84.173
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

**Valley View Local School District**  
Schedule of Findings and Questioned Costs  
OMB Circular A-133 Section .505  
For the Fiscal Year Ended June 30, 2009

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

None

**FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None





### Independent Auditor's Report on Applying Agreed-Upon Procedures

Valley View Local School District  
Montgomery County  
64 Comstock Avenue  
Germantown, Ohio 45327

To the Board of Education:

Ohio Rev. Code Section 117.53 states "the auditor of state shall identify whether the school district or community school has adopted an anti-harassment policy in accordance with Section 3313.666 of the Revised Code. This determination shall be recorded in the audit report. The auditor of state shall not prescribe the content or operation of any anti-harassment policy adopted by a school district or community school."

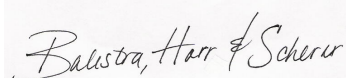
Accordingly, we have performed the procedures enumerated below, which were agreed to by the Board, solely to assist the Board in evaluating whether Valley View Local School District (the District) has adopted an anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Board. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

1. We noted the Board adopted an anti-harassment policy at its meeting on March 23, 2009.
2. We read the policy, noting it included the following requirements from the Ohio Rev. Code Section 3313.666(B)
  - 1) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;
  - 2) A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Rev. Code Section 3313.66;
  - 3) A procedure for reporting prohibited incidents;
  - 4) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;
  - 5) A requirement that parents or guardians of any student involved in a prohibited incident be notified and, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident;
  - 6) A procedure for documenting any prohibited incident that is reported;

- 7) A procedure for responding to and investigating any reported incident;
- 8) A strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report;
- 9) A disciplinary procedure for any student guilty of harassment, intimidation, or bullying, which shall not infringe on any student's rights under the first amendment to the Constitution of the United States;
- 10) A requirement that the district administration semiannually provide the president of the district board a written summary of all reported incidents and post the summary on its web site, if the district has a web site, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the anti-harassment policy. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board and is not intended to be and should not be used by anyone other than these specified parties.



Balestra, Harr & Scherer, CPAs, Inc.

December 21, 2009



**Mary Taylor, CPA**  
Auditor of State

**VALLEY VIEW LOCAL SCHOOL DISTRICT**  
**MONTGOMERY 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**  
**MARCH 18, 2010**