



**VILLAGE OF VALLEY VIEW  
CUYAHOGA COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2008 & 2007**



**Mary Taylor, CPA**  
Auditor of State



VILLAGE OF VALLEY VIEW  
CUYAHOGA COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007

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Mary Taylor, CPA  
Auditor of State

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

To the Village Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

*Mary Taylor*

**Mary Taylor, CPA**  
Auditor of State

September 15, 2010

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Valley View, Cuyahoga County, Ohio, (the Village) as of and for the years ended December 31, 2008 and 2007. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the 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 opinion.

As described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Villages to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2008 and 2007 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2008 and 2007, or its changes in financial position or cash flows, where applicable for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village of Valley View, Cuyahoga County, as of December 31, 2008 and 2007, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2010, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

**Mary Taylor, CPA**  
Auditor of State

September 15, 2010



**VILLAGE OF VALLEY VIEW  
CUYAHOGA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Governmental Fund Types</u>				<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>					
Property and Local Taxes	\$927,687	\$268,489	\$0	\$0	\$1,196,176
Municipal Income Tax	6,781,799	159,526	480,390	797,632	8,219,347
Intergovernmental	518,539	260,287	0	0	778,826
Special Assessments	0	0	139,382	0	139,382
Charges for Services	181,064	6,625	0	0	187,689
Fines, Licenses and Permits	80,195	801	0	500	81,496
Earnings on Investments	80,538	0	0	0	80,538
Miscellaneous	76,134	3,620	0	5,650	85,404
<b>Total Cash Receipts</b>	<b>8,645,956</b>	<b>699,348</b>	<b>619,772</b>	<b>803,782</b>	<b>10,768,858</b>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	3,527,623	496,350	0	0	4,023,973
Public Health Services	11,413	0	0	0	11,413
Leisure Time Activities	393,009	315,435	0	0	708,444
Basic Utility Service	185,370	0	0	0	185,370
Transportation	867,727	264,651	0	0	1,132,378
General Government	1,873,844	0	0	0	1,873,844
Debt Service:					
Redemption of Principal	0	0	475,000	0	475,000
Interest and Fiscal Charges	0	0	206,848	0	206,848
Capital Outlay	714,515	167,703	0	1,201,314	2,083,532
<b>Total Cash Disbursements</b>	<b>7,573,501</b>	<b>1,244,139</b>	<b>681,848</b>	<b>1,201,314</b>	<b>10,700,802</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>1,072,455</b>	<b>(544,791)</b>	<b>(62,076)</b>	<b>(397,532)</b>	<b>68,056</b>
<b>Other Financing Receipts / (Disbursements):</b>					
Transfers-In	0	250,000	6,700	50,000	306,700
Transfers-Out	(1,106,700)	0	0	0	(1,106,700)
<b>Total Other Financing Receipts / (Disbursements)</b>	<b>(1,106,700)</b>	<b>250,000</b>	<b>6,700</b>	<b>50,000</b>	<b>(800,000)</b>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(34,245)	(294,791)	(55,376)	(347,532)	(731,944)
Fund Cash Balances, January 1	2,630,829	880,133	243,705	2,405,978	6,160,645
<b>Fund Cash Balances, December 31</b>	<b>\$2,596,584</b>	<b>\$585,342</b>	<b>\$188,329</b>	<b>\$2,058,446</b>	<b>\$5,428,701</b>
Reserve for Encumbrances, December 31	\$76,186	\$41,469	\$0	\$304,840	\$422,495

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

**VILLAGE OF VALLEY VIEW  
CUYAHOGA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	<u>Totals (Memorandum Only)</u>
	<u>Internal Service</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$40,456	\$47,847	\$88,303
Fines, Licenses and Permits	\$0	\$3,000	3,000
Miscellaneous	77,055	406	77,461
Total Operating Cash Receipts	<u>117,511</u>	<u>51,253</u>	<u>168,764</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	919,875	0	919,875
Contractual Services	0	16,172	16,172
Supplies and Materials	0	845	845
Other	3	0	3
Total Operating Cash Disbursements	<u>919,878</u>	<u>17,017</u>	<u>936,895</u>
Operating Income/(Loss)	<u>(802,367)</u>	<u>34,236</u>	<u>(768,131)</u>
<b>Non-Operating Cash Receipts:</b>			
Other Non-Operating Cash Receipts	<u>0</u>	<u>90,235</u>	<u>90,235</u>
Total Non-Operating Cash Receipts	<u>0</u>	<u>90,235</u>	<u>90,235</u>
<b>Non-Operating Cash Disbursements:</b>			
Other Non-Operating Cash Disbursements	<u>0</u>	<u>130,940</u>	<u>130,940</u>
Total Non-Operating Cash Disbursements	<u>0</u>	<u>130,940</u>	<u>130,940</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers	(802,367)	(6,469)	(808,836)
Transfers-In	<u>800,000</u>	<u>0</u>	<u>800,000</u>
Net Receipts Over/(Under) Disbursements	(2,367)	(6,469)	(8,836)
Fund Cash Balances, January 1	<u>76,929</u>	<u>50,687</u>	<u>127,616</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$74,562</u></b>	<b><u>\$44,218</u></b>	<b><u>\$118,780</u></b>
Reserve for Encumbrances, December 31	<u>\$0</u>	<u>\$1,317</u>	<u>\$1,317</u>

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

**VILLAGE OF VALLEY VIEW  
CUYAHOGA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Governmental Fund Types</u>				<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>					
Property and Local Taxes	\$947,346	\$297,824	\$0	\$0	\$1,245,170
Municipal Income Tax	8,419,681	0	0	0	8,419,681
Intergovernmental	1,209,158	252,540	0	0	1,461,698
Special Assessments	0	0	130,888	0	130,888
Charges for Services	151,772	9,220	0	0	160,992
Fines, Licenses and Permits	116,406	986	0	475	117,867
Earnings on Investments	186,839	0	0	0	186,839
Miscellaneous	49,008	30,728	0	811	80,547
	<u>11,080,210</u>	<u>591,298</u>	<u>130,888</u>	<u>1,286</u>	<u>11,803,682</u>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	3,538,284	480,866	0	0	4,019,150
Public Health Services	11,858	0	0	0	11,858
Leisure Time Activities	411,086	379,885	0	0	790,971
Basic Utility Service	163,032	0	0	0	163,032
Transportation	919,663	290,018	0	266,145	1,475,826
General Government	1,813,899	0	0	0	1,813,899
Debt Service:					
Redemption of Principal	0	0	445,000	0	445,000
Interest and Fiscal Charges	0	0	228,275	0	228,275
Capital Outlay	1,157,337	299,580	0	1,935,251	3,392,168
	<u>8,015,159</u>	<u>1,450,349</u>	<u>673,275</u>	<u>2,201,396</u>	<u>12,340,179</u>
Total Receipts Over/(Under) Disbursements	<u>3,065,051</u>	<u>(859,051)</u>	<u>(542,387)</u>	<u>(2,200,110)</u>	<u>(536,497)</u>
<b>Other Financing Receipts / (Disbursements):</b>					
Transfers-In	0	763,382	572,837	1,055,186	2,391,405
Transfers-Out	(2,991,405)	0	0	0	(2,991,405)
Other Financing Uses	0	0	0	0	0
	<u>(2,991,405)</u>	<u>763,382</u>	<u>572,837</u>	<u>1,055,186</u>	<u>(600,000)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	73,646	(95,669)	30,450	(1,144,924)	(1,136,497)
Fund Cash Balances, January 1	2,557,183	975,802	213,255	3,550,902	7,297,142
<b>Fund Cash Balances, December 31</b>	<u><b>\$2,630,829</b></u>	<u><b>\$880,133</b></u>	<u><b>\$243,705</b></u>	<u><b>\$2,405,978</b></u>	<u><b>\$6,160,645</b></u>
Reserve for Encumbrances, December 31	<u>\$92,321</u>	<u>\$55,343</u>	<u>\$0</u>	<u>\$383,992</u>	<u>\$531,656</u>

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

**VILLAGE OF VALLEY VIEW  
CUYAHOGA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	<u>Totals (Memorandum Only)</u>
	<u>Internal Service</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$54,202	\$33,860	\$88,062
Miscellaneous	40,607	490	41,097
Total Operating Cash Receipts	<u>94,809</u>	<u>34,350</u>	<u>129,159</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	702,193	0	702,193
Travel Transportation	0	3,860	3,860
Contractual Services	0	509	509
Other	75	0	75
Total Operating Cash Disbursements	<u>702,268</u>	<u>4,369</u>	<u>706,637</u>
Operating Income/(Loss)	<u>(607,459)</u>	<u>29,981</u>	<u>(577,478)</u>
<b>Non-Operating Cash Receipts:</b>			
Other Non-Operating Cash Receipts	0	145,629	145,629
Total Non-Operating Cash Receipts	<u>0</u>	<u>145,629</u>	<u>145,629</u>
<b>Non-Operating Cash Disbursements:</b>			
Other Non-Operating Cash Disbursements	0	168,313	168,313
Total Non-Operating Cash Disbursements	<u>0</u>	<u>168,313</u>	<u>168,313</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers	(607,459)	7,297	(600,162)
Transfers-In	600,000	0	600,000
Net Receipts Over/(Under) Disbursements	(7,459)	7,297	(162)
Fund Cash Balances, January 1	84,388	43,390	127,778
<b>Fund Cash Balances, December 31</b>	<b><u>\$76,929</u></b>	<b><u>\$50,687</u></b>	<b><u>\$127,616</u></b>
Reserve for Encumbrances, December 31	<u>\$0</u>	<u>\$729</u>	<u>\$729</u>

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

**VILLAGE OF VALLEY VIEW  
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007**

**1. Summary of Significant Accounting Policies**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Valley View, Cuyahoga County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides general governmental services, including maintenance of roads, rubbish collections, sanitary sewer/storm sewer facilities, building, zoning, safety services, fire and police protection.

The Village participates in the Northeast Ohio Public Energy Council (NOPEC) and the Southwest Council of Governments, jointly governed organizations. Note 9 to the financial statements provides additional information for these entities.

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

**B. Accounting Basis**

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

**C. Deposits and Investments**

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

The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts recorded at share values the mutual funds report.

**D. Fund Accounting**

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

**1. General Fund**

The General Fund reports all financial resources except those required to be accounted for in another fund.

**VILLAGE OF VALLEY VIEW  
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007**

**1. Summary of Significant Accounting Policies (Continued)**

**D. Fund Accounting (Continued)**

**2. Special Revenue Funds**

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

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

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

**3. Debt Service Funds**

These funds account for resources the Village accumulates to pay bond and note debt. The Village had the following significant Debt Service Funds:

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

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

**4. Capital Project Funds**

These funds account for receipts restricted to acquiring or constructing major capital projects. The Village had the following significant Capital Project Fund:

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

**5. Internal Service Fund**

This fund accounts for services provided by one department to other departments of the government unit. The Village had the following Internal Service Fund:

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

**6. Fiduciary Funds**

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency fund accounts for the accumulation of resources for, and the payment of fines collected from violators subject to the Village's legal jurisdiction.

**VILLAGE OF VALLEY VIEW  
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007**

**1. Summary of Significant Accounting Policies (Continued)**

**E. Budgetary Process**

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

**1. Appropriations**

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

**2. Estimated Resources**

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

**3. Encumbrances**

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year-end are carried over, and need not be reappropriated. The Village did not encumber all commitments required by Ohio law.

A summary of 2007 and 2008 budgetary activity appears in Note 3.

**F. Property, Plant, and Equipment**

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

**G. Accumulated Leave**

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

**VILLAGE OF VALLEY VIEW  
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007**

**2. Equity in Pooled Deposits and Investments**

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

	2008	2007
Demand deposits	\$3,545,084	\$4,029,447
Total deposits	3,545,084	4,029,447
 STAR Ohio	 2,002,397	 2,258,814
Total investments	2,002,397	2,258,814
Total deposits and investments	\$5,547,481	\$6,288,261

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

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

**3. Budgetary Activity**

Budgetary activity for the years ending December 31, 2008 and 2007 follows:

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$8,626,725	\$8,645,956	\$19,231
Special Revenue	1,087,851	949,348	(138,503)
Debt Service	637,090	626,472	(10,618)
Capital Projects	995,716	853,782	(141,934)
Internal Service	1,010,764	917,511	(93,253)
Fiduciary	50,389	141,488	91,099
Total	\$12,408,535	\$12,134,557	(\$273,978)



**VILLAGE OF VALLEY VIEW  
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007**

**3. Budgetary Activity (Continued)**

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$9,933,621	\$8,756,387	\$1,177,234
Special Revenue	1,509,843	1,285,608	224,235
Debt Service	681,848	681,848	0
Capital Projects	2,468,992	1,506,154	962,838
Internal Service	1,085,000	919,878	165,122
Fiduciary	63,101	147,957	(84,856)
Total	<u>\$15,742,405</u>	<u>\$13,297,832</u>	<u>\$2,444,573</u>

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$11,733,004	\$11,080,210	(\$652,794)
Special Revenue	1,883,081	1,354,680	(528,401)
Debt Service	710,000	703,725	(6,275)
Capital Projects	1,901,286	1,056,472	(844,814)
Internal Service	694,810	694,809	(1)
Fiduciary	36,350	179,979	143,629
Total	<u>\$16,958,531</u>	<u>\$15,069,875</u>	<u>(\$1,888,656)</u>

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$12,148,494	\$11,098,885	\$1,049,609
Special Revenue	2,065,468	1,505,692	559,776
Debt Service	673,978	673,275	703
Capital Projects	4,400,204	2,585,448	1,814,756
Internal Service	725,000	702,268	22,732
Fiduciary	38,645	173,411	(134,766)
Total	<u>\$20,051,789</u>	<u>\$16,738,979</u>	<u>\$3,312,810</u>

**4. Property Tax**

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

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

**VILLAGE OF VALLEY VIEW  
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007**

**4. Property Tax (Continued)**

Tangible personal property taxes are being phased out for general personal property. The assessment percentage for all property including inventory for 2008 was 6.25 percent and will be reduced to zero for 2009. Tangible personal property tax revenue received during calendar year 2008 (other than public utility property tax) represents the collection of 2008 taxes levied only against local and inter-exchange telephone companies. Tangible personal property taxes received in calendar year 2008 and 2007 were levied after October 1, 2007 and October 1, 2006 on the value as of December 31, 2007 and December 31, 2006. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

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

**5. Local Income Tax**

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

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

**6. Debt**

Debt outstanding at December 31, 2008 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Bonds	\$2,135,000	4% - 6%
Special Assessment Bonds	1,245,000	4.35% - 5.55%
Total	<u>\$3,380,000</u>	

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

Proceeds were deposited in an irrevocable trust with an escrow agent to provide for all future debt payments on the refunded 1990 Safety Center Bonds. As a result \$3,165,000 of these bonds were considered defeased and the liability for the refunded bonds has been removed from the City's financial statements. The amount still outstanding at December 31, 2008 is \$1,800,000, which will mature on December 1, 2010.

The Special Assessment Bonds related to road improvement projects which were assessed back to the residents in accordance with a resident approved levy. The bonds were issued in the amount of \$3,884,500 and will be repaid in semi-annual varying principal and interest payments through 2017.

**VILLAGE OF VALLEY VIEW  
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007**

**6. Debt (Continued)**

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

Year ending December 31:	General Obligation Bonds	Special Assessment Bonds
2009	\$532,425	\$142,897
2010	529,600	144,335
2011	535,675	145,494
2012	165,100	145,778
2013	163,500	145,782
2014-2018	672,426	724,277
2019-2020	0	287,200
Total	<u>\$2,598,726</u>	<u>\$1,735,763</u>

**7. Retirement Systems**

The Village's certified Fire Fighters and full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2008 and 2007, OP&F participants contributed 10% of their wages. For 2008 and 2007, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages and 24% of full-time fire fighters' wages, respectively. For 2008 and 2007, OPERS members contributed 10% and 9.5%, respectively, of their gross salaries and the Village contributed an amount equaling 14% and 13.85%, respectively, of participants' gross salaries. The Village has paid all contributions required through December 31, 2008.

**8. Risk Management**

**Commercial Insurance**

The Village has obtained commercial insurance for the following risks:

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

**Self Insurance**

The Village provides health insurance, dental insurance, vision, and prescription drug coverage to full-time employees through its own self-insurance program administered by Benefit Service Agency. The Self Insurance Fund pays covered claims to service providers, and recovers these costs from charges to other funds based on the cost per employee.

**VILLAGE OF VALLEY VIEW  
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007**

**9. Jointly Governed Organizations**

**A. Northeast Ohio Public Energy Council (NOPEC)**

The Village is a member of the Northeast Ohio Public Energy Council (NOPEC). NOPEC is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. NOPEC was formed to serve as a vehicle for communities wishing to proceed jointly with an aggregation program for the purchase of electricity. NOPEC is currently comprised of 126 communities who have been authorized by ballot to purchase electricity on behalf of their citizens. The intent of NOPEC is to provide electricity at the lowest possible rates while at the same time insuring stability in prices by entering into long-term contracts with suppliers to provide electricity to the citizens of its member communities. The Village did not make any payments to NOPEC during the audit period.

NOPEC is governed by a General Assembly made up of one representative from each member community. The representatives from each county then elect one person to serve on the eight-member NOPEC Board of Directors. The Board oversees and manages the operation of the aggregation program. The degree of control exercised by any participating government is limited to its representation in the General Assembly and on the Board. Financial information can be obtained by contacting Joseph Migliorini, Board Chairman, 31320 Solon Road, Suite 20, Solon, Ohio 44139 or at the website, [www.nopecinfo.org](http://www.nopecinfo.org).

**B. Southwest Council of Governments**

The Southwest Council of Governments (the Council) helps foster cooperation between municipalities in areas affecting health, safety, welfare, education, economic conditions and regional development. The Board is comprised of one member from each of the sixteen participating entities. The board exercises total control over the operation of the Council including budgeting, appropriating, contracting and designating management. Budgets are adopted by the board. The Village contributed \$7,500 each in 2007 and 2008 to the Council.

The Council has established two subsidiary organizations, the Hazardous Material Response Team ("HAZ MAT") which provides hazardous material protections and assistance and the Southwest Enforcement Bureau which provides extra assistance to cities in the form of a Swat Team. The Council's financial statements may be obtained by contacting the Southwest Council of Governments, Parma Heights, Ohio.

**10. Subsequent Events**

On July 21, 2010, the Auditor of State released a special audit report conducted on the Village of Valley View. The special audit investigated cement contracts awarded to two different contractors between January 1, 2002 and April 30, 2009. The special audit concluded that the Village of Valley View was overbilled for the quantity and quality of cement work provided to them and resulted in findings for recovery in favor of the Village totaling \$168,906 against Chaney Cement Contractors, MGL Enterprises, Inc., Donald G. Bohning & Associates, Inc., and Paul Day, Village Engineer. The financial statements do not include an asset for this gain contingency.



# Mary Taylor, CPA

Auditor of State

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

Village of Valley View  
Cuyahoga County  
6848 Hathaway Road  
Valley View, Ohio 44124

To the Village Council:

We have audited the financial statements of the Village of Valley View, Cuyahoga County, Ohio (the Village) as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated September 15, 2010 wherein we noted the Village prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. 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' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village'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 Village'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 Village'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 Village'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 weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We noted certain matters that we reported to the Village's management in a separate letter dated September 15, 2010.

### **Compliance and Other Matters**

As part of reasonably assuring whether the Village'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 an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain noncompliance or other matters that we reported to the Village's management in a separate letter dated September 15, 2010.

We intend this report solely for the information and use of management and the Village Council. We intend it for no one other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

September 15, 2010

**VILLAGE OF VALLEY VIEW  
CUYAHOGA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2008 AND 2007**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Plan Taken; or Finding No Longer Valid; <b>Explain:</b>
2006-001	Bidding of Contracts	Yes	
006-002	Deposit of Public Funds	No	Reissued as a management letter comment
2006-003	Soliciting or Accepting Improper Compensation	Yes	

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**Mary Taylor, CPA**  
Auditor of State

**VILLAGE OF VALLEY VIEW**

**CUYAHOGA COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
OCTOBER 14, 2010**