



Dave Yost • Auditor of State

VILLAGE OF VALLEY VIEW
CUYAHOGA COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of Valley View, Cuyahoga County, Ohio (the Village) as of and for the years ended December 31, 2016 and 2015.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2016 and 2015, and the respective changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Village of Valley View, Cuyahoga County as of December 31, 2016 and 2015, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2017, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

October 25, 2017

Village of Valley View, Ohio
Cuyahoga County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2016

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$985,225	\$393,973			\$1,379,198
Municipal Income Tax	9,945,762			\$1,694,534	11,640,296
Intergovernmental	90,284	285,480		394,812	770,576
Special Assessments			\$147,607		147,607
Charges for Services	190,264	4,103			194,367
Fines, Licenses and Permits	126,553	1,786		1,025	129,364
Earnings on Investments	32,177				32,177
Miscellaneous	110,448	10,726			121,174
<i>Total Cash Receipts</i>	<u>11,480,713</u>	<u>696,068</u>	<u>147,607</u>	<u>2,090,371</u>	<u>14,414,759</u>
Cash Disbursements					
Current:					
Security of Persons and Property	4,809,055	517,674			5,326,729
Public Health Services	7,973				7,973
Leisure Time Activities	494,160	272,258			766,418
Basic Utility Services	254,272			119,913	374,185
Transportation	1,150,222	241,139			1,391,361
General Government	2,339,459				2,339,459
Capital Outlay	1,355,093	81,974		3,197,528	4,634,595
Debt Service:					
Principal Retirement			255,839		255,839
Interest and Fiscal Charges			38,905		38,905
<i>Total Cash Disbursements</i>	<u>10,410,234</u>	<u>1,113,045</u>	<u>294,744</u>	<u>3,317,441</u>	<u>15,135,464</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,070,479</u>	<u>(416,977)</u>	<u>(147,137)</u>	<u>(1,227,070)</u>	<u>(720,705)</u>
Other Financing Receipts (Disbursements)					
Transfers In		525,000		1,027,200	1,552,200
Transfers Out	(1,552,741)				(1,552,741)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(1,552,741)</u>	<u>525,000</u>	<u>0</u>	<u>1,027,200</u>	<u>(541)</u>
<i>Net Change in Fund Cash Balances</i>	<u>(482,262)</u>	<u>108,023</u>	<u>(147,137)</u>	<u>(199,870)</u>	<u>(721,246)</u>
<i>Fund Cash Balances, January 1</i>	<u>4,337,115</u>	<u>833,807</u>	<u>360,210</u>	<u>3,699,427</u>	<u>9,230,559</u>
Fund Cash Balances, December 31					
Restricted		930,830	213,073	1,682,561	2,826,464
Committed		11,000		1,816,996	1,827,996
Assigned	254,115				254,115
Unassigned (Deficit)	3,600,738				3,600,738
<i>Fund Cash Balances, December 31</i>	<u>\$3,854,853</u>	<u>\$941,830</u>	<u>\$213,073</u>	<u>\$3,499,557</u>	<u>\$8,509,313</u>

See accompanying notes to the basic financial statements

Village of Valley View, Ohio
Cuyahoga County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
Fiduciary Fund Type
For the Year Ended December 31, 2016

	<u>Fiduciary Fund Type</u>
	<u>Agency</u>
Operating Cash Receipts	
Charges for Services	\$47,388
Mayor's Court	112,341
Miscellaneous	170
	<u>159,899</u>
<i>Total Operating Cash Receipts</i>	<u>159,899</u>
Operating Cash Disbursements	
Mayor's Court	145,788
Supplies and Materials	715
Contractual Services	4,444
Other	16,140
	<u>167,087</u>
<i>Total Operating Cash Disbursements</i>	<u>167,087</u>
<i>Operating Income (Loss)</i>	<u>(7,188)</u>
Other Financing Sources	
Transfers In	541
	<u>541</u>
<i>Net Change in Fund Cash Balances</i>	<u>(6,647)</u>
<i>Fund Cash Balances, January 1</i>	<u>41,285</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$34,638</u></u>

See accompanying notes to the basic financial statements

Village of Valley View, Ohio
Cuyahoga County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2015

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$960,981	\$377,640			\$1,338,621
Municipal Income Tax	9,349,829			\$1,592,793	10,942,622
Intergovernmental	156,346	284,933		507,091	948,370
Special Assessments			\$132,925		132,925
Charges for Services	186,534	5,511			192,045
Fines, Licenses and Permits	126,830	3,373		575	130,778
Earnings on Investments	3,988				3,988
Miscellaneous	90,995	15,835		971	107,801
<i>Total Cash Receipts</i>	<u>10,875,503</u>	<u>687,292</u>	<u>132,925</u>	<u>2,101,430</u>	<u>13,797,150</u>
Cash Disbursements					
Current:					
Security of Persons and Property	4,703,519	574,865			5,278,384
Public Health Services	7,975				7,975
Leisure Time Activities	470,308	310,520			780,828
Basic Utility Services	235,004				235,004
Transportation	1,134,110	318,865		102,815	1,555,790
General Government	2,208,717				2,208,717
Capital Outlay	1,658,332	142,732		5,167,693	6,968,757
Debt Service:					
Principal Retirement			251,974		251,974
Interest and Fiscal Charges			46,775		46,775
<i>Total Cash Disbursements</i>	<u>10,417,965</u>	<u>1,346,982</u>	<u>298,749</u>	<u>5,270,508</u>	<u>17,334,204</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>457,538</u>	<u>(659,690)</u>	<u>(165,824)</u>	<u>(3,169,078)</u>	<u>(3,537,054)</u>
Other Financing Receipts (Disbursements)					
Transfers In		725,000		2,374,625	3,099,625
Transfers Out	(3,099,625)				(3,099,625)
Advances In	388,000				388,000
Advances Out				(388,000)	(388,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(2,711,625)</u>	<u>725,000</u>	<u>0</u>	<u>1,986,625</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	<u>(2,254,087)</u>	<u>65,310</u>	<u>(165,824)</u>	<u>(1,182,453)</u>	<u>(3,537,054)</u>
<i>Fund Cash Balances, January 1</i>	<u>6,591,202</u>	<u>768,497</u>	<u>526,034</u>	<u>4,881,880</u>	<u>12,767,613</u>
Fund Cash Balances, December 31					
Restricted		822,807	360,210	2,125,934	3,308,951
Committed	383,587	11,000		1,573,493	1,968,080
Unassigned (Deficit)	3,953,528				3,953,528
<i>Fund Cash Balances, December 31</i>	<u>\$4,337,115</u>	<u>\$833,807</u>	<u>\$360,210</u>	<u>\$3,699,427</u>	<u>\$9,230,559</u>

See accompanying notes to the basic financial statements

Village of Valley View, Ohio
Cuyahoga County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
Fiduciary Fund Type
For the Year Ended December 31, 2015

	<u>Fiduciary Fund Type</u>
	<u>Agency</u>
Operating Cash Receipts	
Charges for Services	\$35,155
Mayor's Court	138,627
Miscellaneous	700
	<u>174,482</u>
<i>Total Operating Cash Receipts</i>	<u>174,482</u>
Operating Cash Disbursements	
Mayor's Court	167,032
Supplies and Materials	287
Contractual Services	1,020
	<u>168,339</u>
<i>Total Operating Cash Disbursements</i>	<u>168,339</u>
<i>Operating Income (Loss)</i>	<u>6,143</u>
<i>Net Change in Fund Cash Balances</i>	6,143
<i>Fund Cash Balances, January 1</i>	<u>35,142</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$41,285</u></u>

See accompanying notes to the basic financial statements

**VILLAGE OF VALLEY VIEW
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

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 five-member Council directs the Village. The Village provides General governmental services, including maintenance of roads, rubbish collections, parks and recreation, sanitary/storm sewer facilities, building, zoning, safety services and police and fire protection.

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 permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2- 03(D). 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2- 03(D) 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.

Money market mutual funds (including STAR Ohio) are 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 accounts for and reports all financial resources not accounted for and reported in another fund.

**VILLAGE OF VALLEY VIEW
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015
(Continued)**

2. Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. 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 I Fund – This fund receives property tax money levied for the acquisition, development, and continued maintenance of Valley View Woods Park, Lombardo Park and Don Miller Park (Tiny Lane Park).

3. Debt Service Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. 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 the payment of special assessment debt principal and interest.

4. Capital Project Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant capital project funds:

Capital Projects VI Fund – This fund is used for road repairs/replacement, engineering projects and purchase of equipment.

Capital Projects Hazard Mitigation 4098 Fund – This fund is used to raise resident's homes above flood level. This program received money from the State of Ohio Emergency Management and Village.

Capital Projects Pre-Disaster Mitigation Fund - This is the second program used to raise resident's homes above flood level. This program received money from State of Ohio Emergency Management, the Village and Residents.

Sewer and Water Fund – This fund is used to construct and maintain village sanitary and storm sewers.

**VILLAGE OF VALLEY VIEW
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015
(Continued)**

5. 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 funds account for the accumulation of resources for, and the payment of fines collected from violators subject to the Village's legal jurisdiction and collection of deposits for rental of Village facilities and pavilions.

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 re-appropriated.

A summary of 2016 and 2015 budgetary activity appears in Note 3.

F. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable

The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

**VILLAGE OF VALLEY VIEW
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015
(Continued)**

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

3. Committed

Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

G. 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.

H. 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, 2016 AND 2015
(Continued)**

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:

	2016	2015
Demand Deposits	\$3,606,554	\$4,071,447
Certificates of Deposit	1,987,397	2,250,397
Other time deposits		
Total Deposits	5,593,951	6,321,844
U.S. Treasury Notes		
STAR OHIO	2,950,000	2,950,000
Total Investments	2,950,000	2,950,000
Total Deposits and Investments	\$8,543,951	\$9,271,844

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 and mutual funds are not evidenced by securities that exist in physical or book-entry form.

3. Budgetary Activity:

Budgetary activity for the years ending December 31, 2016 and 2015 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$11,531,899	\$11,480,713	(\$51,186)
Special Revenue	1,513,001	1,221,068	(291,933)
Debt Service	147,607	147,607	0
Capital Projects	4,943,070	3,117,571	(1,825,499)
Total	<u>\$18,135,577</u>	<u>\$15,966,959</u>	<u>(\$2,168,618)</u>

**VILLAGE OF VALLEY VIEW
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015
(Continued)**

2015 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$11,260,893	\$11,263,503	\$2,610
Special Revenue	1,655,484	1,412,292	(243,192)
Debt Service	147,925	132,925	(15,000)
Capital Projects	6,590,058	4,476,055	(2,114,003)
Total	\$19,654,360	\$17,284,775	(\$2,369,585)

2016 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$15,036,087	\$12,217,090	\$2,818,997
Special Revenue	1,679,835	1,139,512	540,323
Debt Service	294,772	294,744	28
Capital Projects	6,929,938	4,255,336	2,674,602
Total	\$23,940,632	\$17,906,682	\$6,033,950

2015 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$15,665,452	\$13,901,177	\$1,764,275
Special Revenue	2,003,811	1,418,817	584,994
Debt Service	298,750	298,749	1
Capital Projects	8,760,885	6,936,346	1,824,539
Total	\$26,728,898	\$22,555,089	\$4,173,809

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.

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

**VILLAGE OF VALLEY VIEW
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015
(Continued)**

5. Local Income Tax

The Village levies a municipal income tax of 2 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, 2016 was as follows:

	Principal	Interest Rate
General Obligation Bonds	\$150,212	1.6%
Special Assessment bonds	\$505,000	5.5%
Total	\$655,212	

On December 17, 2014 the Village Refinanced the General Obligation Bonds at a lower interest rate resulting in a saving of \$32,199 to the Village. The remaining principal and interest will be repaid in semi-annual varying principal and interest payments through 2017.

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

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

	General Obligation Bonds	Special Assessment Bonds
Year ending December 31:		
2017	152,630	143,028
2018-2020		433,845
Total	\$152,630	\$576,873

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.

**VILLAGE OF VALLEY VIEW
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015
(Continued)**

The Ohio Revised Code also prescribes contribution rates. For 2015 and 2016 OP&F participants contributed 11.5% and 12.25% of their wages. For 2015 and 2016, 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 2015 and 2016, OPERS members contributed 10%, respectively, of their gross salaries and the Village contributed an amount equaling 14%, respectively, of participants' gross salaries. The Village has paid all contributions required through December 31, 2016.

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 2 percent of the employer contribution to fund these benefits and OP&F contributes 0.5 percent to fund these benefits.

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.

9. Contingent Liabilities

The Village is a defendant in several lawsuits. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the Village's financial condition.

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

10. 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 174 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.

**VILLAGE OF VALLEY VIEW
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015
(Continued)**

NOPEC is governed by a General Assembly made up of one representative from each member community. The representatives from each community 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.

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 \$16,000 in 2016 and \$15,000 in 2015 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, 11 Berea Commons, Berea, Ohio 44017.

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S 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 44138

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Village of Valley View, Cuyahoga County, (the Village) as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements, and have issued our report thereon dated October 25, 2017, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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, opining 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*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

October 25, 2017



Dave Yost • 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
NOVEMBER 9, 2017