



**VILLAGE OF VALLEY VIEW
CUYAHOGA COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000 & 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF VALLEY VIEW
CUYAHOGA COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

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, 2000 and December 31, 1999. 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 audits.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village of Valley View, Cuyahoga County, Ohio, as of December 31, 2000 and December 31, 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2001, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Jim Petro
Auditor of State

June 15, 2001

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**VILLAGE OF VALLEY VIEW
CUYAHOGA COUNTY
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts:					
Local Taxes	\$8,093,307	\$368,843	\$0	\$0	\$8,462,150
Special Assessments	0	0	166,193	0	166,193
Intergovernmental Receipts	248,610	195,632	0	479,136	923,378
Charges for Services	109,247	0	0	0	109,247
Fines, Licenses, and Permits	113,992	1,985	0	1,850	117,827
Earnings on Investments	496,632	0	0	0	496,632
Miscellaneous	97,956	12,707	0	276	110,939
Total Cash Receipts	9,159,744	579,167	166,193	481,262	10,386,366
Cash Disbursements:					
Current:					
Security of Persons and Property	2,143,003	301,836	0	0	2,444,839
Public Health Services	9,878	0	0	0	9,878
Leisure Time Activities	456,527	351,351	0	0	807,878
Basic Utility Services	138,858	0	0	0	138,858
Transportation	453,140	254,649	0	0	707,789
General Government	1,804,715	0	0	0	1,804,715
Debt Service:					
Principal Payments	0	0	4,208,238	0	4,208,238
Interest Payments	0	0	446,620	0	446,620
Capital Outlay	256,177	128,768	0	3,549,897	3,934,842
Total Disbursements	5,262,298	1,036,604	4,654,858	3,549,897	14,503,657
Total Receipts Over/(Under) Disbursements	3,897,446	(457,437)	(4,488,665)	(3,068,635)	(4,117,291)
Other Financing Receipts/(Disbursements):					
Sale of Bonds and Notes	0	0	3,651,766	0	3,651,766
Transfers-In	2,416	440,781	350,703	1,612,810	2,406,710
Transfers-Out	(2,708,470)	0	0	0	(2,708,470)
Total Other Financing Receipts/(Disbursements)	(2,706,054)	440,781	4,002,469	1,612,810	3,350,006
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	1,191,392	(16,656)	(486,196)	(1,455,825)	(767,285)
Fund Cash Balances January 1	4,934,608	717,094	765,982	4,535,265	10,952,949
Fund Cash Balances, December 31	\$6,126,000	\$700,438	\$279,786	\$3,079,440	\$10,185,664
Reserves for Encumbrances, December 31	\$35,321	\$23,312	\$0	\$1,071,713	\$1,130,346

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

**VILLAGE OF VALLEY VIEW
CUYAHOGA COUNTY
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Internal Service</u>	<u>Agency</u>	<u>Totals (Memorandum Only)</u>
Operating Cash Receipts:			
Charges for Services	\$28,285	\$30,101	\$58,386
Miscellaneous	27,581	899	28,480
	<u>55,866</u>	<u>31,000</u>	<u>86,866</u>
Operating Cash Disbursements:			
Personal Services	352,463	0	352,463
Fringe Benefits	0	0	0
Contractual Services	0	19,786	19,786
Supplies and Materials	0	492	492
Capital Outlay	0	0	0
	<u>352,463</u>	<u>20,278</u>	<u>372,741</u>
Operating Income/(Loss)	<u>(296,597)</u>	<u>10,722</u>	<u>(285,875)</u>
Non-Operating Cash Receipts:			
Property Tax and Other Local Taxes	0	0	0
Intergovernmental Receipts	0	0	0
Proceeds from Notes and Bonds	0	0	0
Other Non-Operating Receipts	0	90,058	90,058
	<u>0</u>	<u>90,058</u>	<u>90,058</u>
Non-Operating Cash Disbursements:			
Debt Service	0	0	0
Other Non-Operating Cash Disbursements	0	118,289	118,289
	<u>0</u>	<u>118,289</u>	<u>118,289</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	(296,597)	(17,509)	(314,106)
Transfers-In	300,000	4,676	304,676
Advances-In	0	0	0
Transfers-Out	0	(2,916)	(2,916)
Advances-Out	0	0	0
	<u>3,403</u>	<u>(15,749)</u>	<u>(12,346)</u>
Net Receipts Over/(Under) Disbursements	3,403	(15,749)	(12,346)
Fund Cash Balances, January 1	<u>116,399</u>	<u>51,059</u>	<u>167,458</u>
Fund Cash Balances, December 31	<u>\$119,802</u>	<u>\$35,310</u>	<u>\$155,112</u>

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

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

	<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>	
Cash Receipts:					
Local Taxes	\$8,283,652	\$338,587	\$0	\$0	\$8,622,239
Special Assessments	0	0	168,079	0	168,079
Intergovernmental Receipts	250,236	192,909	0	0	443,145
Charges for Services	116,803	0	0	0	116,803
Fines, Licenses, and Permits	144,169	3,877	0	1,400	149,446
Earnings on Investments	375,368	0	0	0	375,368
Miscellaneous	50,192	4,061	0	23,106	77,359
Total Cash Receipts	<u>9,220,420</u>	<u>539,434</u>	<u>168,079</u>	<u>24,506</u>	<u>9,952,439</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	1,891,461	256,067	0	0	2,147,528
Public Health Services	9,402	0	0	0	9,402
Leisure Time Activities	294,998	341,402	0	0	636,400
Basic Utility Services	130,021	0	0	0	130,021
Transportation	424,614	197,579	0	0	622,193
General Government	1,625,577	0	0	0	1,625,577
Debt Service:					
Principal Payments	0	0	356,915	0	356,915
Interest Payments	0	0	328,280	0	328,280
Capital Outlay	427,848	324,937	0	2,997,970	3,750,755
Total Disbursements	<u>4,803,921</u>	<u>1,119,985</u>	<u>685,195</u>	<u>2,997,970</u>	<u>9,607,071</u>
Total Receipts Over/(Under) Disbursements	<u>4,416,499</u>	<u>(580,551)</u>	<u>(517,116)</u>	<u>(2,973,464)</u>	<u>345,368</u>
Other Financing Receipts/(Disbursements):					
Sale of Notes	0	0	0	1,925,000	1,925,000
Transfers-In	16,130	362,463	368,658	2,244,632	2,991,883
Transfers-Out	(3,278,669)	0	0	0	(3,278,669)
Total Other Financing Receipts/(Disbursements)	<u>(3,262,539)</u>	<u>362,463</u>	<u>368,658</u>	<u>4,169,632</u>	<u>1,638,214</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>1,153,960</u>	<u>(218,088)</u>	<u>(148,458)</u>	<u>1,196,168</u>	<u>1,983,582</u>
Fund Cash Balances January 1	<u>3,780,648</u>	<u>935,182</u>	<u>914,440</u>	<u>3,339,097</u>	<u>8,969,367</u>
Fund Cash Balances, December 31	<u>\$4,934,608</u>	<u>\$717,094</u>	<u>\$765,982</u>	<u>\$4,535,265</u>	<u>\$10,952,949</u>
Reserves for Encumbrances, December 31	<u>\$54,443</u>	<u>\$67,129</u>	<u>\$0</u>	<u>\$1,478,329</u>	<u>\$1,599,901</u>

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

**VILLAGE OF VALLEY VIEW
 CUYAHOGA COUNTY
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES
 PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Internal Service</u>	<u>Agency</u>	<u>Totals (Memorandum Only)</u>
Operating Cash Receipts:			
Charges for Services	\$26,211	\$43,507	\$69,718
Miscellaneous	140,461	688	141,149
	<u>166,672</u>	<u>44,195</u>	<u>210,867</u>
Operating Cash Disbursements:			
Personal Services	410,256	0	410,256
Fringe Benefits	0	0	0
Contractual Services	0	15,143	15,143
Supplies and Materials	0	560	560
Capital Outlay	0	0	0
	<u>410,256</u>	<u>15,703</u>	<u>425,959</u>
Operating Income/(Loss)	<u>(243,584)</u>	<u>28,492</u>	<u>(215,092)</u>
Non-Operating Cash Receipts:			
Property Tax and Other Local Taxes	0	0	0
Intergovernmental Receipts	0	0	0
Proceeds from Notes and Bonds	0	0	0
Other Non-Operating Receipts	0	164,003	164,003
	<u>0</u>	<u>164,003</u>	<u>164,003</u>
Non-Operating Cash Disbursements:			
Debt Service	0	0	0
Other Non-Operating Cash Disbursements	175	162,354	162,529
	<u>175</u>	<u>162,354</u>	<u>162,529</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	(243,759)	30,141	(213,618)
Transfers-In	300,000	2,916	302,916
Advances-In	0	0	0
Transfers-Out	0	(16,130)	(16,130)
Advances-Out	0	0	0
	<u>56,241</u>	<u>16,927</u>	<u>73,168</u>
Net Receipts Over/(Under) Disbursements	56,241	16,927	73,168
Fund Cash Balances, January 1	<u>60,158</u>	<u>34,132</u>	<u>94,290</u>
Fund Cash Balances, December 31	<u>\$116,399</u>	<u>\$51,059</u>	<u>\$167,458</u>
Reserves for Encumbrances, December 31	<u>\$0</u>	<u>\$716</u>	<u>\$716</u>

**VILLAGE OF VALLEY VIEW
CUYAHOGA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Valley View, Cuyahoga County, Ohio, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by an elected Mayor; six-member Village Council and Clerk-Treasurer. The Village provides general governmental services, including maintenance of roads, rubbish collections, sanitary sewer/storm sewer facilities, building, zoning, safety services, fire and police protection.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

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

D. Fund Accounting

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

1. General Fund

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

2. Special Revenue Funds

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

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

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

**VILLAGE OF VALLEY VIEW
CUYAHOGA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Debt Service Fund

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

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

4. Capital Project Funds

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

Canal Road Issue 2 - This fund is used for street widening and resurfacing of Canal Road.

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

5. Internal Service Funds

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

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

6. Fiduciary Funds (Agency Funds)

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

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

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually. Management has elected to budget for all agency funds.

**VILLAGE OF VALLEY VIEW
CUYAHOGA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control, and appropriations may not exceed estimated resources. The Council must annually approve appropriation measures and subsequent amendments. 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 Cuyahoga County Budget Commission must also approve estimated resources.

3. Encumbrances

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

A summary of 2000 and 1999 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused sick leave, at twenty-five percent of unused sick leave, when leaving employment. Unpaid sick leave is not reflected as liability under the cash basis of accounting used by the Village.

2. CASH AND INVESTMENTS

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

**VILLAGE OF VALLEY VIEW
CUYAHOGA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

2. CASH AND INVESTMENTS (Continued)

	<u>2000</u>	<u>1999</u>
Demand deposits	\$ 3,440,776	\$ 3,990,407
STAR Ohio	<u>6,900,000</u>	<u>7,130,000</u>
Total deposits and investments	<u>\$ 10,340,776</u>	<u>\$ 11,120,407</u>

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

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2000 and December 31, 1999 follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 9,182,978	\$ 9,162,160	\$ (20,818)
Special Revenue	1,106,288	1,019,948	(86,340)
Debt Service	5,251,766	4,168,662	(1,083,104)
Capital Projects	2,580,000	2,094,072	(485,928)
Internal Service	<u>355,866</u>	<u>355,866</u>	<u>0</u>
Total	<u>\$ 18,476,898</u>	<u>\$ 16,800,708</u>	<u>\$ (1,676,190)</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 9,759,493	\$ 8,006,089	\$ 1,753,404
Special Revenue	1,698,629	1,059,916	638,713
Debt Service	4,736,675	4,654,858	81,817
Capital Projects	5,653,922	4,621,610	1,032,312
Internal Service	<u>440,000</u>	<u>352,463</u>	<u>87,537</u>
Total	<u>\$ 22,288,719</u>	<u>\$ 18,694,936</u>	<u>\$ 3,593,783</u>

**VILLAGE OF VALLEY VIEW
CUYAHOGA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 9,261,945	\$ 9,236,550	\$ (25,395)
Special Revenue	985,913	901,897	(84,016)
Debt Service	505,000	536,737	31,737
Capital Projects	4,296,506	4,194,138	(102,368)
Internal Service	471,461	466,672	(4,789)
Total	\$ 15,520,825	\$ 15,335,994	\$ (184,831)

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 9,013,247	\$ 8,137,033	\$ 876,214
Special Revenue	1,473,252	1,187,114	286,138
Debt Service	1,254,860	685,195	569,665
Capital Projects	5,825,103	4,476,299	1,348,804
Internal Service	495,000	410,431	84,569
Total	\$ 18,061,462	\$ 14,896,072	\$ 3,165,390

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. The State of Ohio Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State of Ohio, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the Cuyahoga County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

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

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

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

**VILLAGE OF VALLEY VIEW
CUYAHOGA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

5. DEBT

Debt outstanding at December 31, 2000 was as follows:

	Principal	Interest Rate
General Obligation Bonds	\$ 4,700,000	4% - 6%
Special Assessment Bonds	2,205,000	4.35% - 5.55%
Total	\$ 6,905,000	

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

The Special Assessment Bonds related to road improvement projects which were assessed back to the residents in accordance with a resident approved levy. The bonds were issued in the amount of \$3,884,500 and will be repaid in semi-annual varying principal and interest payments for 20 years. Included in this amount is special assessment bonds issued December 1, 2000, for \$1,750,000.

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

Year ending December 31:	General Obligation Bonds	Special Assessment Bonds
2001	\$ 504,640	\$ 296,407
2002	503,915	288,595
2003	507,575	280,255
2004	505,475	266,675
2005	507,475	163,045
Subsequent	4,168,150	2,169,530
Total	\$ 6,697,230	\$ 3,464,507

6. RETIREMENT SYSTEMS

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2000 and 1999, members of OP&F contributed 10% of their wages to the OP&F. The Village contributed an amount equal to 19.5% of participants' wages. PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries in 1999, and for year 2000, as result of employer contribution rate roll back, contributed an amount equal to 10.84% of participants' gross salaries. The Village has paid all contributions required through December 31, 2000.

**VILLAGE OF VALLEY VIEW
CUYAHOGA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

7. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

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

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

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**STATE OF OHIO
OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

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

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

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, 2000 and December 31, 1999, and have issued our report thereon dated June 15, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted a certain immaterial instance of noncompliance that we have reported to management of the Village in a separate letter dated June 15, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated June 15, 2001.

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

Jim Petro
Auditor of State

June 15, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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VILLAGE OF VALLEY VIEW

CUYAHOGA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 19, 2001**