

***VILLAGE OF VALLEYVIEW
FRANKLIN COUNTY, OHIO***

AUDIT REPORT

FOR THE YEARS ENDED DECEMBER 31, 2007 & 2006

Charles E. Harris and Associates, Inc.
Certified Public Accountants and Government Consultants



Mary Taylor, CPA

Auditor of State

Members of Council
Village of Valleyview
432 North Richardson Avenue
Columbus, Ohio 43204

We have reviewed the *Report of Independent Accountants* of the Village of Valleyview, Franklin County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2006 through December 31, 2007. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Report of Independent Accountants* on your financial statements. While the Auditor of State 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. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Report of Independent Accountants* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Valleyview is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

September 4, 2008

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**VILLAGE OF VALLEYVIEW
FRANKLIN COUNTY, OHIO
Audit Report
For the Years Ended December 31, 2007 & 2006**

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Rockefeller Building
614 W Superior Ave Ste1242
Cleveland OH 44113-1306

Charles E. Harris & Associates, Inc.
Certified Public Accountants

Phone - (216) 575-1630
Fax - (216) 436-2411

REPORT OF INDEPENDENT ACCOUNTANTS

Village of Valleyview
Franklin County
432 North Richardson Avenue
Columbus, Ohio 43204

To Village Council:

We have audited the accompanying financial statements of the Village of Valleyview, Franklin County, Ohio (the Village), as of and for the years ended December 31, 2007 and 2006. 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 that 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.

Revisions to GAAP would require the Village to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2007 and 2006. Instead of the combined funds the accompanying financial statements present for 2007 and 2006, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2007 and 2006. 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 the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Village has elected not to reformat its statements. Since the Village does not use GAAP to measure financial statement amounts, 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, 2007 and 2006, 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, 2007 and 2006, or its changes in financial position 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 Valleyview, Franklin County, as of December 31, 2007 and 2006, and its combined cash receipts and disbursements and changes in fund cash balances for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Village to include Management's Discussion and Analysis for the years ended December 31, 2007 and 2006. 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 June 20, 2008, 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, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Charles E. Harris & Associates, Inc.

June 20, 2008

VILLAGE OF VALLEYVIEW
FRANKLIN COUNTY, OHIO
COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
All Governmental Fund Types
For the Year Ended December 31, 2007

	<u>Governmental Fund Types</u>		Totals -
	<u>General</u>	<u>Special Revenue</u>	<u>Memorandum Only</u>
Receipts:			
Property and Local Taxes	\$ 86,662	\$ 62,019	\$ 148,681
Intergovernmental	84,195	25,619	109,814
Fines, Licenses and Permits	73,265	3,928	77,193
Earnings on Investments	9,358	1,586	10,944
Miscellaneous	<u>7,513</u>	<u>1,218</u>	<u>8,731</u>
Total Receipts	260,993	94,370	355,363
Disbursements:			
Security of Persons & Property	107,597	68,602	176,199
Leisure Time Activities	8,399	-	8,399
Transportation	-	8,445	8,445
General Government	95,922	2,319	98,241
Capital Outlay	26,727	-	26,727
Debt Service:			
Principal	<u>9,501</u>	<u>9,828</u>	<u>19,329</u>
Total Disbursements	<u>248,146</u>	<u>89,194</u>	<u>337,340</u>
Total Receipts Over/(Under) Disbursements	12,847	5,176	18,023
Other Financing Sources/(Uses):			
Loan Proceeds	<u>26,727</u>	-	<u>26,727</u>
Total Other Financing Sources/(Uses)	<u>26,727</u>	<u>-</u>	<u>26,727</u>
Excess of Receipts and Other Sources Over/(Under) Disbursements and Other Uses	39,574	5,176	44,750
Fund Cash Balance, January 1, 2007	<u>238,678</u>	<u>152,282</u>	<u>390,960</u>
Fund Cash Balance, December 31, 2007	<u>\$ 278,252</u>	<u>\$ 157,458</u>	<u>\$ 435,710</u>
Reserves for Encumbrances	<u>\$ 5,871</u>	<u>\$ 2,873</u>	<u>\$ 8,744</u>

See Accompanying Notes to the Financial Statements.

VILLAGE OF VALLEYVIEW
FRANKLIN COUNTY, OHIO
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND CASH BALANCES - FIDUCIARY FUND TYPE
For the Year Ended December 31, 2007

	Fiduciary Fund Type Agency
Non-Operating Receipts:	
Fines, Licenses, and Permits	\$ 55,992
Non-Operating Disbursements:	
Distribution of Fines and Costs	58,876
Excess of Non-Operating Receipts Over (Under) Non-Operating Disbursements	(2,884)
Fund Cash Balance, January 1, 2007	6,065
Fund Cash Balance, December 31, 2007	\$ 3,181

See Accompanying Notes to the Financial Statements.

VILLAGE OF VALLEYVIEW
FRANKLIN COUNTY, OHIO
COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
All Governmental Fund Types
For the Year Ended December 31, 2006

	<u>Governmental Fund Types</u>		Totals -
	<u>General</u>	<u>Special Revenue</u>	<u>Memorandum Only</u>
Receipts:			
Property and Local Taxes	\$ 79,751	\$ 68,435	\$ 148,186
Intergovernmental	83,406	30,557	113,963
Fines, Licenses and Permits	55,027	2,329	57,356
Earnings on Investments	7,425	1,527	8,952
Miscellaneous	2,963	-	2,963
	<u>228,572</u>	<u>102,848</u>	<u>331,420</u>
Total Receipts			
Disbursements:			
Security of Persons & Property	98,666	71,219	169,885
Public Health Service	10	-	10
Leisure Time Activities	2,735	-	2,735
Transportation	-	8,156	8,156
General Government	82,537	2,529	85,066
Debt Service:			
Principal	8,419	9,830	18,249
Interest	421	-	421
	<u>192,788</u>	<u>91,734</u>	<u>284,522</u>
Total Disbursements			
Total Receipts Over/(Under) Disbursements	35,784	11,114	46,898
Fund Cash Balance, January 1, 2006	<u>202,894</u>	<u>141,168</u>	<u>344,062</u>
Fund Cash Balance, December 31, 2006	<u>\$ 238,678</u>	<u>\$ 152,282</u>	<u>\$ 390,960</u>
Reserves for Encumbrances, December 31, 2006	<u>\$ 4,332</u>	<u>\$ -</u>	<u>\$ 4,332</u>

See Accompanying Notes to the Financial Statements.

VILLAGE OF VALLEYVIEW
FRANKLIN COUNTY, OHIO
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND CASH BALANCES - FIDUCIARY FUND TYPE
For the Year Ended December 31, 2006

	Fiduciary Fund Type Agency
Non-Operating Receipts:	
Fines, Licenses, and Permits	\$ 94,304
Non-Operating Disbursements:	
Distribution of Fines and Costs	99,329
Excess of Non-Operating Receipts Over (Under) Non-Operating Disbursements	(5,025)
Fund Cash Balance, January 1, 2006	11,090
Fund Cash Balance, December 31, 2006	\$ 6,065

See Accompanying Notes to the Financial Statements.

**VILLAGE OF VALLEYVIEW
FRANKLIN COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

The Village of Valleyview, Franklin County (the Village) is a body corporate and politic established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six member Council. The Village provides park operation, street maintenance, and police services. The Village contracts with the Franklin Township to provide fire protection services.

The Village's management believes these financial statements included in this report represent all of the funds of the Village over which the Village has the ability to exercise direct operating control.

B. BASIS OF ACCOUNTING

The Village prepares its financial statements following 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.)

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

C. CASH

Investments are included in the fund cash balances. Accordingly, purchases of investments are not recorded as disbursements and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

D. FUND ACCOUNTING

The Village maintains its accounting records in accordance with the principles of "Fund" accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of

**VILLAGE OF VALLEYVIEW
FRANKLIN COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. FUND ACCOUNTING - (Continued)

specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity, which stands separate from the activities reported in other funds. The restrictions associated with each class of funds are as follows:

Governmental Fund Types:

General Fund: The general operating fund of the Village. It is used to account for all financial resources except those required by law or contract to be accounted for in another fund.

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

- Street Construction, Maintenance and Repair Fund—Receives gasoline and motor vehicle excise taxes for constructing, maintaining and repairing Village roads.
- Police Fund—Receives property taxes for the provision of police services.
- Fire Fund—Receives property taxes for the provision of fire protection services.

Fiduciary Fund Types: These funds are used to account for assets held by the Village in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. The following is the Village's fiduciary fund type:

Mayor's Court- This agency fund accounts for receipts and disbursements of the Mayor's Court.

E. BUDGETARY PROCESS

A budget of estimated cash receipts and disbursements is prepared by the Clerk, approved by the Village Council, and submitted to the county auditor, as secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

**VILLAGE OF VALLEYVIEW
FRANKLIN COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

E. BUDGETARY PROCESS - (Continued)

1. Estimated Resources

The county auditor calculates the estimated revenues available to the Village. He prepares a certificate of estimated resources based upon this calculation and upon the other financial information supplied in the budget sent by the Village. The certificate is approved by the county budget commission and sent to the Village Clerk by September 1.

Prior to December 31, the Village must revise its budget so that the total budgeted expenditures for a fund will not exceed the amount of estimated resources stated in the certificate of estimated resources. The revised budget serves as the basis for the annual appropriation measure.

On or about January 1, the Clerk sends the county auditor a certificate, which includes the actual unencumbered balances from the preceding year. The county auditor prepares an amended certificate, submits it to the county budget commission for approval. This amended certificate may be further amended during the year if projected revenue increases or the Clerk identifies decreases in revenue.

Budgeted receipts, as shown in Note 4, do not include the unencumbered fund balances as of January 1, 2006 and 2007. However, those fund balances are available for appropriation.

2. Appropriations

A temporary appropriation measure to control cash expenditures may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation measure must be passed by March 31 of each year for the period January 1 to December 31. The appropriation measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources.

**VILLAGE OF VALLEYVIEW
FRANKLIN COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

E. BUDGETARY PROCESS - (Continued)

3. Encumbrances

The Village is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The sum of expenditures and encumbrances may not exceed appropriated totals at any level of budgetary control. The legal level of control is the object level.

Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding fiscal year without being re-appropriated.

F. PROPERTY, PLANT AND EQUIPMENT

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

G. ACCUMULATED LEAVE

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

2. EQUITY IN POOLED CASH AND CASH EQUIVALENTS

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

	<u>2007</u>	<u>2006</u>
Demand Deposits	220,854	\$183,931
STAR Ohio	<u>218,037</u>	<u>213,094</u>
Total Deposits	<u>\$438,891</u>	<u>\$397,025</u>

**VILLAGE OF VALLEYVIEW
FRANKLIN COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006**

2. EQUITY IN POOLED CASH AND CASH EQUIVALENTS – (Continued)

Deposits: Deposits are either (1) insured by the Federal Deposit Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the Village, or (3) collateralized by the financial institution's public entity deposit pool.

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

3. PROPERTY TAXES

Real property taxes are levied on assessed values, which equal 35% of appraised value. The county auditor reappraises all real property every six years with a triennial update.

Real property taxes become a lien on all non-exempt real property located in the county on January 1. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20 of the following year. Under certain circumstances, state statute permits later payment dates to be established.

The State Board of Tax Equalization adjusts the tax rates for inflation. Real property owners' tax bills are further reduced by homestead and rollback deductions when applicable. The amount of these homestead and rollback reductions is reimbursed to the Village by the State of Ohio. The amounts reimbursed by the State of Ohio are reflected in the accompanying financial statements as intergovernmental receipts.

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

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

The County Treasurer collects property tax on behalf of all taxing authorities within the county. The County Auditor periodically remits to the taxing authorities their portions of the taxes collected.

**VILLAGE OF VALLEYVIEW
FRANKLIN COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006**

4. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2007 and 2006 follows:

<u>Fund:</u>	<u>2007 Budgeted vs Actual Receipts</u>		<u>Variance</u>
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	
General Fund	\$ 239,560	\$ 287,720	\$ 48,160
Special Revenue Funds	93,018	94,370	1,352

<u>Fund:</u>	<u>2007 Budgeted vs Actual Budgetary Basis Expenditures</u>		<u>Variance</u>
	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	
General Fund	\$ 268,185	\$ 254,017	\$ 14,168
Special Revenue Funds	115,557	92,067	23,490

<u>Fund:</u>	<u>2006 Budgeted vs Actual Receipts</u>		<u>Variance</u>
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	
General Fund	\$ 208,733	\$ 228,572	\$ 19,839
Special Revenue Funds	91,718	102,848	11,130

<u>Fund:</u>	<u>2006 Budgeted vs Actual Budgetary Basis Expenditures</u>		<u>Variance</u>
	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	
General Fund	\$ 253,874	\$ 197,120	\$ 56,754
Special Revenue Funds	121,488	91,734	29,754

5. RETIREMENT SYSTEMS

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

Contribution rates are prescribed by the Ohio Revised Code. Members of OP&F contributed 10.0% of their gross pay, while the Village contributed 19.5% for police officers. OPERS members contributed 9.0% in 2006 and 9.5% in 2007 of their gross pay while the Village contributed an amount equal to 13.70% in 2006 and 13.85% in 2007 of covered payroll. The Village paid all required contributions through 2007.

**VILLAGE OF VALLEYVIEW
FRANKLIN COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006**

6. RISK MANAGEMENT

RISK POOL MEMBERSHIP

The Village belongs to the Ohio Municipal Joint Self-Insurance Pool, (the "Pool"), an unincorporated non-profit association available to municipal corporations and their instrumentalities. The Plan is a separate legal entity per Section 2744 of the Ohio Revised Code. The Pool provides property and casualty insurance for its members. The Plan pays judgments, settlements and other expenses resulting for covered claims that exceed the members' deductibles.

The Pool cedes certain premiums to reinsures or excess reinsurers. The Pool is contingently liable should any reinsurer be unable to meet its reinsurance obligations.

The Pool's financial statements (audited by other auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained deficit at December 31.

	<u>2006</u>	<u>2005</u>
Assets	\$ 2,331,284	\$ 2,241,661
Liabilities	<u>(3,130,475)</u>	<u>(3,457,720)</u>
Accumulated Deficit	<u>\$ (799,191)</u>	<u>\$(1,216,059)</u>

Settled claims have not exceeded coverage in any of the last three years. There have been no significant reductions in insurance coverage from last year.

The Village pays the State Worker's Compensation System a premium based on a rate per \$100 of salaries. The rate is calculated based on accident history and administrative costs.

7. DEBT

Debt outstanding at December 31, 2007 is as follows:

<u>Description:</u>	<u>Principal</u>	<u>Interest Rate</u>
Ohio Public Works Commission	\$ 83,552	0.00%
Ford Motor Credit Company	<u>17,226</u>	6.80%
Total	<u>\$100,778</u>	

The Village purchased a police cruiser in 2007 in the amount of \$26,727. Payments are \$9,501 per year, including interest.

**VILLAGE OF VALLEYVIEW
FRANKLIN COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006**

7. DEBT – (Continued)

Principal and interest requirements for debt outstanding at December 31, 2007 is as follows:

<u>Year Ended</u>	<u>OPWC</u>	<u>Ford Credit</u>
2008	\$ 9,830	\$ 9,501
2009	9,830	9,501
2010	9,830	-
2011	9,830	-
2012	9,830	-
2013-2016	34,402	-
Total	<u>\$ 83,552</u>	<u>\$19,002</u>

8. CONTINGENT LIABILITES/SUBSEQUENT EVENTS

Management believes there are no pending claims or lawsuits.

Rockefeller Building
614 W Superior Ave Ste 1242
Cleveland, OH 44113-1306
Office phone - (216) 575-1630
Fax - (216) 436-2411

Charles E. Harris & Associates, Inc.
Certified Public Accountants

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Village of Valleyview
Franklin County
432 North Richardson Avenue
Columbus, Ohio 43204

To Village Council:

We have audited the financial statements of the Village of Valleyview, Franklin County, Ohio (the Village), as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated June 20, 2008, wherein we noted the Village followed accounting practices the Auditor of State prescribes 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 standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Controls 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 auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of 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 accounting practices the Auditor of State prescribes such that there is more than a remote likelihood that a misstatement of the Village's financial statements that is more than inconsequential will not be prevented or detected by the Village's internal control. We consider the deficiency described in the accompanying schedule of findings as item 2007-VAL-01 be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Village's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe the significant deficiency described above to be a material weakness.

Compliance and Other Matters

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, grant agreements and other matters, 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 or other matters that are required to be reported under *Government Auditing Standards*.

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

Charles E. Harris and Associates, Inc.

June 20, 2008

**VILLAGE OF VALLEYVIEW
FRANKLIN COUNTY, OHIO
SCHEDULE OF FINDINGS
For the Years Ended December 31, 2007 and 2006**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number 2007-VAL-01-Material Weakness

The Mayor's court activity is not reflected on the Village books, thus understating the Village's financial statements. The Mayor's Court activity should be presented on the books as an Agency fund type to reflect the total financial activity of the Village.

Each month the Village Clerk receives the monthly report from the Mayor's Court to support the distribution to the Village. However, the activity is not entered into the Village's accounting system (UAN) and reported in the financial statements. The total revenue collected by the court should be posted as revenue to an Agency fund and the distributions to the Village, the State of Ohio, and others should be posted as disbursements in the Agency fund. The financial statements have been adjusted to reflect the proper activity.

We recommend that the Mayor's Court activity be posted monthly to the UAN system in an Agency Fund.

Management's Response

We did not receive a substantive response from management to the above finding.

SCHEDULE OF PRIOR AUDIT FINDINGS

The prior audit report, for the two years ended December 31, 2005, reported no material citations or recommendations.



Mary Taylor, CPA
Auditor of State

VILLAGE OF VALLEYVIEW

FRANKLIN 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
SEPTEMBER 16, 2008**