



**VILLAGE OF VALLEYVIEW
FRANKLIN COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1997 - 1996



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Accountants	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types for the Year Ended December 31, 1997	3
Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balance - Agency Fund for the Year Ended December 31, 1997	4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types for the Year Ended December 31, 1996	5
Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balance - Agency Fund for the Year Ended December 31, 1996	6
Notes to the Financial Statements	7
Report on Compliance and on Internal Control Required by <i>Governmental Auditing Standards</i>	13
Schedule of Findings	15

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REPORT OF INDEPENDENT ACCOUNTANTS

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

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, 1997 and December 31, 1996. 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.

Except as discussed in the following paragraph, 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 audits 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.

The Village's cash fund balances in the accompanying financial statements do not reconcile with the Village's depository bank balances. We were unable to perform alternative procedures to reconcile these balances.

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, except for the effects of such adjustments, if any, that would be required had we been able to reconcile the Village's bank and fund balances, the financial statements present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village of Valleyview, Franklin County, Ohio, as of December 31, 1997 and December 31, 1996, 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 January 29, 1999 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.

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

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized flourish at the end.

JIM PETRO
Auditor of State

January 29, 1999

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1997**

	<u>General</u>	<u>Special Revenue</u>	<u>(Memorandum Only) Total</u>
Cash Receipts:			
Local Taxes	\$52,498	\$72,428	\$124,926
Intergovernmental	90,681	17,658	108,339
Interest	4,895	3,028	7,923
Fines, Licenses, and Permits	74,400	0	74,400
Miscellaneous	12,738	0	12,738
Total Cash Receipts	<u>235,212</u>	<u>93,114</u>	<u>328,326</u>
Cash Disbursements:			
Current:			
Security of Persons and Property	137,213	66,697	203,911
Public Health Services	1,334	0	1,334
Leisure Time Activities	4,148	0	4,148
Basic Utility Services	10,781	0	10,781
Transportation	0	30,743	30,743
General Government	90,734	0	90,734
Total Cash Disbursements	<u>244,210</u>	<u>97,440</u>	<u>341,650</u>
Total Cash Receipts over/(under) Cash Disbursements	(8,999)	(4,326)	(13,325)
Fund Cash Balances, January 1, 1997	<u>160,065</u>	<u>77,630</u>	<u>237,695</u>
Fund Cash Balances, December 31, 1997	<u>\$151,066</u>	<u>\$73,304</u>	<u>\$224,370</u>
Reserve for Encumbrances, December 31, 1997	<u>\$1,623</u>	<u>\$180</u>	<u>\$1,803</u>

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

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND
CHANGES IN FUND CASH BALANCE - AGENCY FUND
FOR THE YEAR ENDED DECEMBER 31, 1997**

	Agency
Non-Operating Cash Receipts:	
Fines, Fees, and Forfeitures	\$93,701
Total Non-operating cash receipts	93,701
Non-Operating Cash Disbursements:	
Fines, Licenses and Permits	99,586
Total Non-Operating Cash Disbursements	99,586
Operating income/(loss)	(5,885)
Fund Cash Balance, January 1, 1997	5,885
Fund Cash Balance, December 31, 1997	\$0

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1996**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>(Memorandum Only) Total</u>
Cash Receipts:				
Local Taxes	\$44,812	\$57,229	\$0	\$102,041
Intergovernmental	90,992	17,215	14,798	123,005
Interest	4,541	2,608	0	7,149
Fines, Licenses, and Permits	76,400	0	0	76,400
Miscellaneous	5,605	0	0	5,605
Total Cash Receipts	<u>222,350</u>	<u>77,052</u>	<u>14,798</u>	<u>314,200</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	125,460	15,082	0	140,542
Public Health Services	599	0	0	599
Leisure Time Activities	3,248	0	0	3,248
Community Environment	2,562	44,080	0	46,642
Basic Utility Services	14,656	0	0	14,656
Transportation	0	12,298	0	12,298
General Government	60,522	1,445	0	61,967
Capital Outlay	0	0	14,798	14,798
Total Cash Disbursements	<u>207,047</u>	<u>72,905</u>	<u>14,798</u>	<u>294,750</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>15,303</u>	<u>4,147</u>	<u>0</u>	<u>19,450</u>
Other Financing Receipts/(Disbursements):				
Transfers-in	0	0	1,960	1,960
Transfers-out	(1,960)	0	0	(1,960)
Total Other Financing Receipts/(Disbursements)	<u>(1,960)</u>	<u>0</u>	<u>1,960</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>13,343</u>	<u>4,147</u>	<u>1,960</u>	<u>19,450</u>
Fund Cash Balances, January 1, 1996	<u>146,722</u>	<u>73,483</u>	<u>(1,960)</u>	<u>218,245</u>
Fund Cash Balances, December 31, 1996	<u><u>\$160,065</u></u>	<u><u>\$77,630</u></u>	<u><u>\$0</u></u>	<u><u>\$237,695</u></u>
Reserve for encumbrances, December 31, 1996	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

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

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND
CHANGES IN FUND CASH BALANCE - AGENCY FUND
FOR THE YEAR ENDED DECEMBER 31, 1996**

	Agency
Non-Operating Cash Receipts:	
Fines, Fees, and Forfeitures	\$97,958
Total Non-Operating Cash Receipts	97,958
Non-Operating Cash Disbursements:	
Remittances	99,842
Total Non-Operating Cash Disbursements	99,842
Net Receipts Over/(Under) Disbursements	(1,884)
Fund Cash Balance, January 1, 1996	7,769
Fund Cash Balance, December 31, 1996	\$5,885
Reserve for Encumbrances, December 31, 1996	\$0

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1997 AND 1996**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Valleyview, Franklin 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 a publicly-elected six-member council. The Village provides general governmental services, including water, sewer, and police service.

The Village's management believes these financial statements present all activities for which the Village is financially accountable, except employee deferred compensation funds maintained by outside custodians which is not included in these financial statements. These assets are described in Note 8 to the financial statements.

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

Cash and Investments, including certificates of deposit and an overnight sweep account, are accounted for and presented at cost.

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 fund types:

General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be restricted.

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.

Police Improvement Fund - This fund is used to purchase uniforms, computer and other small purchases.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1997 AND 1996
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

Capital Projects Fund

This fund is 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 projects fund:

Road Improvement Fund - This fund receives Ohio Public Works monies for repair of Village roads..

Fiduciary Funds (Trust and Agency Funds)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant fiduciary fund:

Mayor's Court - This fund receives monies for fees and fines related to traffic offenses.

E. Budgetary Process

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

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.

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.

Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried forward and do not need to be reappropriated.

A summary of 1997 and 1996 budgetary activity appears in Note 3.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1997 AND 1996
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Village.

2. EQUITY IN POOLED 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:

	1997	1996
Depository Balance	\$140,808	\$153,258
Total deposits	140,808	153,258
Certificate of Deposit	65,706	62,766
Total investments	65,706	62,766
Total deposits and investments	\$206,514	\$216,024

Deposits: Deposits are insured by the Federal Depository Insurance Corporation, FDIC. Interest earned on the Certificate of Deposits are rolled over upon maturity and reinvested.

Investments: The overnight sweep account is held in the name of the Village's financial institution and is either insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool. The Village did not have the required depository agreement with BankOne where these funds are on deposit.

The Village participated in an overnight sweep account without instituting the required investment policy.

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1997 AND 1996
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1997 and December 31, 1996 was as follows:

1997 Budgeted VS. Actual Receipts

Fund Type	Receipts		Variance
	Budgeted	Actual	
General	\$379,139	\$235,212	(\$143,927)
Special Revenue	149,430	93,114	(56,316)
Total	<u>\$528,569</u>	<u>\$328,326</u>	<u>(\$200,243)</u>

1997 Budgeted VS. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$309,320	\$245,833	\$63,487
Special Revenue	109,391	97,620	11,771
Total	<u>\$418,711</u>	<u>\$343,453</u>	<u>\$75,258</u>

1996 Budgeted VS. Actual Receipts

Fund Type	Receipts		Variance
	Budgeted	Actual	
General	\$345,436	\$222,350	(\$123,086)
Special Revenue	163,494	77,052	(86,442)
Capital Projects	150,000	16,758	(133,242)
Total	<u>\$658,930</u>	<u>\$316,160</u>	<u>(\$342,770)</u>

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1997 AND 1996
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

1996 Budgeted VS. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$341,490	\$209,007	\$132,483
Special Revenue	148,550	72,905	75,645
Debt Service	22,744	14,798	7,946
Total	<u>\$512,784</u>	<u>\$296,710</u>	<u>\$216,074</u>

The Village did not submit an appropriation measure to the Franklin County Auditor.

The Village Council appropriated funds in excess of available resources. Also, the Village did not obtain a do not exceeds certificate from the County Auditor.

The Village made purchase commitments prior to the fiscal officer certification being completed.

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 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, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the 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.

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

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

5. RETIREMENT SYSTEMS

The Village's law enforcement officers belong to the Police & Firemen's Disability & Pension Funds (PFDPF). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PFDPF and PERS are 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 also prescribed by the Ohio Revised Code. For 1997 and 1996, members of PFDPF contributed 10% of their wages to the PFDPF. The Village contributed an amount equal to 19.50% of their wages. PERS members contributed 8.50% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 1997.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1997 AND 1996
(Continued)

6. RISK MANAGEMENT

The Village is a member of the Ohio Municipal League Joint Self Insurance Pool (the Pool). The Pool assumes the risk of loss up to the limits of the Village's policy. The Pool may assess supplemental premiums. The following risks are covered by the Pool:

- General liability and casualty
- Public official's liability
- Vehicle
- Boiler

The Village also provides health insurance through Central Ohio Health Care Consortium. Dental and vision coverage are provided to full-time employees through a private carrier. Premium payments are made contractually to the provider by the Village for this coverage.

7. YEAR 2000 ISSUE

The year 2000 issue is the result of shortcomings in many electronic data processing systems and other equipment that may adversely affect the Village's operations as early as fiscal 1999.

The Village has completed an inventory of computer systems and other electronic equipment necessary to conducting Village operations:

- The Village leases the Auditor of State's Uniform Accounting Network (UAN) system for its financial operations. The Auditor of State is responsible for remediating this system and is solely responsible for any costs associated with this project. As of December 31, 1998, the Auditor of State was validating and testing the UAN system. The Auditor of State released a validated and tested version of UAN in 1999. The Village must install the updated release prior to the end of 1999 to help assure the continued proper processing of UAN transactions.
- The Village contracts with the Franklin County Sheriff's Office for emergency (911) dispatching services. The Franklin County Sheriff's Office is responsible for remediation of this system and is solely responsible for any costs associated with this project.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the Village is or will be Year 2000 ready, that the Village's remediation efforts will be successful in whole or in part, or that parties with whom the Village does business will be year 2000 ready.



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

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

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, 1997 and December 31, 1996 and have issued our report thereon dated January 29, 1999, wherein we noted the bank cash and fund cash balances did not reconcile. Except for the cash out of balance condition, 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.

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 audits and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 1997-30625-001 through 1997-30625-005. We also noted certain immaterial instances of noncompliance, which we have reported to management of the Village in a separate letter dated January 29, 1999.

Internal Control Over Financial Reporting

In planning and performing our audits, 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. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Village's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 1997-30625-006 and 1997-30625-007.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we noted certain matters involving the internal control over financial reporting and its operation what we consider to be material weakness. Material weaknesses are described in the accompany schedule of findings as 1997-30625-006 and 1997-30635-007. We also 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 January 29, 1999.

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

January 29, 1999

**SCHEDULE OF FINDINGS
DECEMBER 31, 1997 AND 1996**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number	1997-30625-001
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Clerk Certification

Ohio Rev. Code Section 5705.41(D) requires that no contract or order involving the expenditure of money is to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

The following exceptions to this basic requirement are provided by statute:

Then and Now Certificate: This exception provides that, if the fiscal officer can certify that both at the time that the contract or order was made and at the time the fiscal officer is completing the certification, sufficient funds were available or in process of collection, to the credit of the proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within the 30 days, there is no legal liability on the part of the subdivision or taxing district.

Amount less than \$1,000 may be paid by the fiscal officer without such affirmation of the taxing authority upon completion of the "Then and Now" certificate, provided that the expenditure(s) is/are otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

Forty-four percent of the purchase orders tested in fiscal 1997 were certified after the purchase commitment. No certifications were made in fiscal 1996. There was no evidence provided to suggest the Village applied and used a Then and Now certificate.

We recommend the Village comply with Ohio Rev. Code Section 5705.41(D).

Finding Number	1997-30625-002
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Appropriations Exceeding Estimated Revenue

Ohio Rev. Code Section 5705.39 states that the total appropriation from each fund should not exceed the total estimated revenue.

In the Storm Water Sewer Round II Fund, appropriations exceeded estimated resources by \$22, 744 in fiscal 1997, and in the Street Maintenance and Repair Fund, appropriations exceeded estimated resources by \$22,230 in fiscal 1996. The Village did not adjust the appropriation amounts in these funds to bring them within the estimated resources.

We recommend in the future that the Village monitor revenue estimates to ensure that appropriations do not exceed such estimates.

**SCHEDULE OF FINDINGS
DECEMBER 31, 1997 AND 1996
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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Finding Number	1997-30625-003
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Amending or Supplemental Appropriations

Ohio Rev. Code Section 5705.40 states that amendments or supplemental appropriations may be passed as long as the entity complies with the same provisions of the law as are used in making the original appropriation.

The Village did not submit supplemental appropriation amendments to the County Budget Commission (the Commission) for fiscal years 1997 and 1996, before expenditures were made that caused actual expenditures to exceed appropriations. The Village presented the original appropriation measure to the Commission.

We recommend that the Village submit to the Commission supplemental appropriation amendments in accordance with Ohio Rev. Code Section 5705.40.

Finding Number	1997-30625-004
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Depository Agreement

Ohio Rev. Code Section 135.12 states that each governing board shall meet every two years on the third Monday or such regularly scheduled meeting date of the month next preceding the date of the expiration of its designation of depositories for the purpose of designating the public depositories of the public moneys of the subdivision, and at such meeting or any adjourned session thereof, shall designate such public depositories and award the public moneys of the subdivision to and among the public depositories so designated for the period of two years commencing on the date of the expiration of the next preceding designation. Such designation and award shall be made in duplicate; one copy shall be retained by the governing board of the subdivision and one copy shall be certified to the treasurer.

The Village conducted all banking activities with their local BankOne branch. The Village maintained a demand deposit account with an overnight sweep feature. The Village did not solicit bids from any eligible depository before the selection of BankOne as its depository and no evidence was provided that a depository agreement existed between the Village and BankOne.

We recommend the Village comply with Ohio Rev. Code Section 135.12.

**SCHEDULE OF FINDINGS
DECEMBER 31, 1997 AND 1996
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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Finding Number	1997-30625-005
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Investment Policy

Ohio Rev. Code Section 135.14 states that investments cannot be made unless a written investment policy approved by the treasurer or governing board is on file with the Auditor of State.

The investment policy must be signed by:

All entities conducting investment business with the treasurer or governing board (except the Treasurer of State);

All brokers, dealers, and financial institutions, described in Section 135.14(M)(1), initiating transactions with the treasurer or governing board by giving advice or making investment recommendations;

All brokers, dealers, and financial institutions, described in Section 135.14(M)(1), executing transactions initiated by the treasurer or governing board, any securities or certificates of deposit purchased are issuable to a designated payee or to the order of designated payee, the designated party is to be the treasurer and the treasurer's office.

The Village did not have an investment policy approved by the Council and filed with Auditor of State's office. The Village participated in an investment account, an overnight sweep repurchase investment, during 1997 & 1996. This investment is subject to the above requirements.

We recommend that the Village adopt an investment policy as required by the above section and have it signed by all appropriate parties.

Finding Number	1997-30625-006
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Cash Reconciliation

The Village did not perform periodic and systematic cash reconciliations between their bank accounts and the general ledger (fund) cash balances.

As a result, the Village has experienced material bank to book cash variances. The Village cash balances for the fiscal year ended December 31, 1996 was \$27,556 less than the corresponding book balance and the cash balances for fiscal year ending December 31, 1997 was \$17,856 less than the corresponding book balance.

Lack of periodic and systematic cash reconciliations, that are appropriately monitored by management, allows for errors and irregularities to occur without timely detection.

We recommend the Village Clerk/Treasurer perform periodic and systematic reconciliations to ensure all financial activity is properly and completely recorded in the records and financial statements of the Village. Any variances should be investigated until resolved. The reconciliations should be monitored and approved by management of the Village.

**SCHEDULE OF FINDINGS
DECEMBER 31, 1997 AND 1996
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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Finding Number	1997-30625-007
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Segregation of Duties - Mayor's Court Clerk, Clerk/Treasurer

The Mayor's Court and the Clerk/Treasurer's department did not have adequate segregation of duties. The Mayor's Court Clerk assigns case numbers, maintains the docket and cashbook, collects money, prepares the deposit slip, and issues monthly checks to the state and Village. The Clerk/Treasurers receives, records and distributes cash payment with little Council oversight.

We recommend the Village Council implement monitoring procedures and policies to ensure monies collected by the Village are properly recorded to the general ledger, deposited to the bank timely and disbursements are authorized by Council and the Mayor.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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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
JANUARY 18, 2000**