



**VALLEY VIEW LOCAL SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**SINGLE AUDIT**

**FOR THE YEAR ENDED JUNE 30, 2001**



**JIM PETRO**  
**AUDITOR OF STATE**  

---

**STATE OF OHIO**



**VALLEY VIEW SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Report of Independent Accountants .....	1
Combined Balance Sheet - All Fund Types and Account Groups - As of June 30, 2001 .....	4
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - All Governmental Fund Types and Expendable Trust Fund - For the Year Ended June 30, 2001 .....	6
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Comparison - (Non-GAAP Budgetary Basis) - All Governmental Fund Types - For the Year Ended June 30, 2001 .....	8
Combined Statement of Revenues, Expenses, and Changes in Retained Earnings - Proprietary Fund Type - For the Year Ended June 30, 2001 .....	10
Combined Statement of Cash Flows - Proprietary Fund Type - For the Year Ended June 30, 2001 .....	11
Notes to the General Purpose Financial Statements .....	13
Schedule of Federal Awards Receipts and Expenditures .....	41
Notes to the Schedule of Federal Awards Receipts and Expenditures .....	42
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	43
Report of Independent Accountants on Compliance with Requirements Applicable to Each Major Federal Program and Internal Control Over Compliance in Accordance with OMB Circular A-133 .....	45
Schedule of Findings .....	47
Schedule of Prior Audit Findings .....	48

**This page intentionally left blank.**



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

One First National Plaza  
130 West Second Street  
Suite 2040  
Dayton, Ohio 45402  
Telephone 937-285-6677  
800-443-9274  
Facsimile 937-285-6688  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

## REPORT OF INDEPENDENT ACCOUNTANTS

Valley View Local School District  
Montgomery County  
64 Comstock Avenue  
Germantown, Ohio 45327

To the Board of Education:

We have audited the accompanying general-purpose financial statements of the Valley View Local School District (the District), Montgomery County, as of and for the year ended June 30, 2001, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose 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 *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 audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Valley View Local School District, Montgomery County, as of June 30, 2001, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with accounting principles generally accepted in the United States of America.

During the year ended June 30, 2001, the District adopted Governmental Accounting Statement No. 33.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 5, 2002, on our consideration of the Government'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.

We performed our audit to form an opinion on the general-purpose financial statements of the District, taken as a whole. The accompanying schedule of federal awards receipts and expenditures is presented for additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general-purpose financial statements. We subjected this information to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly presented in all material respects, in relation to the general-purpose financial statements taken as a whole.

**Jim Petro**  
Auditor of State

April 5, 2002

**This page intentionally left blank.**

VALLEY VIEW LOCAL SCHOOL DISTRICT  
MONTGOMERY COUNTY

COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS  
JUNE 30, 2001

	Governmental Fund Types		
	General	Special Revenue	Capital Projects
<b>ASSETS AND OTHER DEBITS</b>			
<b>Assets:</b>			
Equity in pooled cash and cash equivalents	\$1,163,359	\$156,606	\$117,513
Receivables (net of allowances of uncollectibles):			
Property taxes - current & delinquent	5,885,054		
Income tax	899,632		
Accounts	69,744	439	
Accrued interest	7,034		
Interfund loan receivable	6,357		
Due from other governments			
Advances to other funds	9,653		
Prepayments	14,078	500	
Materials and supplies inventory	15,824		
Restricted assets:			
Equity in pooled cash and cash equivalents	38,873		
Property, plant and equipment (net of accumulated depreciation where applicable)			
<b>Other Debits:</b>			
Amount to be provided for retirement of General Long-Term Obligations			
Total assets and other debits	8,109,608	157,545	117,513
<b>LIABILITIES, EQUITY AND OTHER CREDITS</b>			
<b>Liabilities:</b>			
Accounts payable	226,378	17,305	
Contracts payable			46,301
Accrued wages and benefits	1,062,205	29,978	
Compensated absences payable	31,187	83	
Pension obligation payable	191,618	3,000	
Interfund loan payable			
Advances from other funds			
Deferred revenue	5,623,861		
Due to students			
Retirement incentive payable			
General obligation bonds payable			
Energy conservation notes payable			
Obligations under capital lease			
Total liabilities	7,135,249	50,366	46,301
<b>Equity and Other Credits:</b>			
Investment in general fixed assets			
Retained earnings: unreserved			
Fund balances:			
Reserved for encumbrances	160,542	15,148	2,958
Reserved for supplies inventory	15,824		
Reserved for prepayments	14,078	500	
Reserved for tax revenue unavailable for appropriation	265,201		
Reserved for advances	9,653		
Reserved for budget stabilization	38,873		
Unreserved-undesignated	470,188	91,531	68,254
Total equity and other credits	974,359	107,179	71,212
Total liabilities, equity and other credits	\$8,109,608	\$157,545	\$117,513

*The Notes to the General Purpose Financial Statements are an Integral part of this Statement.*



Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Total (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
\$104,795	\$79,658			\$1,621,931
				5,885,054
				899,632
355				70,538
				7,034
				6,357
6,153				6,153
				9,653
				14,578
5,372				21,196
				38,873
109,484		9,555,797		9,665,281
			2,379,706	2,379,706
<u>226,159</u>	<u>79,658</u>	<u>9,555,797</u>	<u>2,379,706</u>	<u>20,625,986</u>
				243,683
				46,301
34,506				1,126,689
18,644			665,509	715,423
47,294			89,568	331,480
	6,357			6,357
	9,653			9,653
3,091				5,626,952
	30,774			30,774
			14,049	14,049
			198,693	198,693
			605,000	605,000
			806,887	806,887
<u>103,535</u>	<u>46,784</u>		<u>2,379,706</u>	<u>9,761,941</u>
		\$9,555,797		9,555,797
122,624				122,624
	38			178,686
				15,824
				14,578
				265,201
				9,653
				38,873
	32,836			662,809
<u>122,624</u>	<u>32,874</u>	<u>9,555,797</u>		<u>10,864,045</u>
<u>\$226,159</u>	<u>\$79,658</u>	<u>\$9,555,797</u>	<u>\$2,379,706</u>	<u>\$20,625,986</u>

**VALLEY VIEW LOCAL SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND  
FOR THE YEAR ENDED JUNE 30, 2001**

	Governmental Fund Types			Fiduciary Fund Type	Total (Memorandum Only)
	General	Special Revenue	Capital Projects	Expendable Trust	
<b>Revenues:</b>					
From local sources:					
Taxes	\$5,729,650				\$5,729,650
Tuition	36,911				36,911
Earnings on investments	134,457	6,604	30,418	2,240	173,719
Other local revenues	300,064	266,920	1,200	17,826	586,010
Intergovernmental - State	6,336,772	99,850	78,500		6,515,122
Intergovernmental - Federal		267,376			267,376
Total revenue	<u>12,537,854</u>	<u>640,750</u>	<u>110,118</u>	<u>20,066</u>	<u>13,308,788</u>
<b>Expenditures:</b>					
Current:					
Instruction:					
Regular	5,879,030	108,864	927,013		6,914,907
Special	1,017,878	174,237			1,192,115
Vocational	440,062				440,062
Other	53,738	15,544			69,282
Support services:					
Pupil	558,503	68,860			627,363
Instructional staff	199,091	75,512		4,854	279,457
Board of Education	14,152				14,152
Administration	1,400,710	59,179			1,459,889
Fiscal	214,575	3,136			217,711
Business	5,199				5,199
Operations and maintenance	1,208,228	880	31,434		1,240,542
Pupil transportation	632,886				632,886
Central	149,894	11,533			161,427
Extracurricular activities	277,016	238,966		1,550	517,532
Facilities services	78,832				78,832
Debt service:					
Principal retirement	180,420				180,420
Interest and fiscal charges	111,698				111,698
Total expenditures	<u>12,421,912</u>	<u>756,711</u>	<u>958,447</u>	<u>6,404</u>	<u>14,143,474</u>
Excess (deficiency) of revenues over (under) expenditures	115,942	(115,961)	(848,329)	13,662	(834,686)
Other financing sources (uses):					
Proceeds from sale of assets	2,725				2,725
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)	118,667	(115,961)	(848,329)	13,662	(831,961)
Fund balance, July 1, 2000 (Restated See Note 3)	849,517	223,140	919,541	19,212	2,011,410
Increase in reserve for inventory	6,175				6,175
Fund balance, June 30, 2001	<u>\$974,359</u>	<u>\$107,179</u>	<u>\$71,212</u>	<u>\$32,874</u>	<u>\$1,185,624</u>

*The Notes to the General Purpose Financial Statements are an Integral part of this Statement.*

**This page intentionally left blank.**

**VALLEY VIEW LOCAL SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL COMPARISON (NON-GAAP BUDGETARY BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 2001**

	General			Special Revenue		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<b>Revenues:</b>						
From local sources:						
Taxes	\$5,505,306	\$5,505,306				
Tuition	36,305	36,305				
Earnings on investments	132,353	132,353		6,604	6,604	
Other local revenues	230,602	230,602		267,474	267,474	
Intergovernmental - State	6,338,272	6,338,272		99,850	99,850	
Intergovernmental - Federal				425,582	425,582	
Total revenues	12,242,838	12,242,838		799,510	799,510	
<b>Expenditures:</b>						
Current:						
Instruction:						
Regular	5,813,191	5,813,191		102,969	102,969	
Special	1,004,729	1,004,729		173,919	173,919	
Vocational	423,819	423,819		202	202	
Other	46,497	46,497				
Support services:						
Pupil	548,934	548,934		85,198	85,198	
Instructional staff	199,362	199,362		76,425	76,425	
Board of Education	14,356	14,356				
Administration	1,337,657	1,337,657		62,043	62,043	
Fiscal	224,707	224,707		3,104	3,104	
Business	5,199	5,199				
Operations and maintenance	1,186,023	1,186,023		880	880	
Pupil transportation	720,738	720,738				
Central	144,231	144,231		12,010	12,010	
Extracurricular activities	279,436	279,436		257,106	257,106	
Facilities services	135,907	135,907				
Debt service:						
Principal retirement	344,615	344,615				
Interest and fiscal charges	112,938	112,938				
Total expenditures	12,542,339	12,542,339		773,856	773,856	
Excess (deficiency) of revenues over (under) expenditures	(299,501)	(299,501)		25,654	25,654	
<b>Other financing sources (uses):</b>						
Refund of prior year expenditures	977	977				
Refund of prior year (receipts)				(14,817)	(14,817)	
Advances in	279,106	279,106				
Advances (out)	(223,852)	(223,852)		(61,611)	(61,611)	
Proceeds of sale of fixed assets	2,725	2,725				
Total other financing sources (uses)	58,956	58,956		(76,428)	(76,428)	
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)	(240,545)	(240,545)		(50,774)	(50,774)	
Fund balances, July 1, 2000	833,901	833,901		111,859	111,859	
Prior year encumbrances appropriated	364,340	364,340		65,974	65,974	
Fund balances, June 30, 2001	\$957,696	\$957,696	\$0	\$127,059	\$127,059	\$0

The Notes to the General Purpose Financial Statements are an Integral part of this Statements.

Capital Projects			Total (Memorandum only)		
Budget Revised	Actual	Variance: Favorable (Unfavorable)	Budget Revised	Actual	Variance: Favorable (Unfavorable)
			\$5,505,306	\$5,505,306	
			36,305	36,305	
30,418	30,418		169,375	169,375	
1,200	1,200		499,276	499,276	
78,500	78,500		6,516,622	6,516,622	
			425,582	425,582	
<u>110,118</u>	<u>110,118</u>		<u>13,152,466</u>	<u>13,152,466</u>	
929,970	929,970		6,846,130	6,846,130	
			1,178,648	1,178,648	
			424,021	424,021	
			46,497	46,497	
			634,132	634,132	
			275,787	275,787	
			14,356	14,356	
			1,399,700	1,399,700	
			227,811	227,811	
			5,199	5,199	
32,705	32,705		1,219,608	1,219,608	
			720,738	720,738	
			156,241	156,241	
			536,542	536,542	
			135,907	135,907	
			344,615	344,615	
			112,938	112,938	
<u>962,675</u>	<u>962,675</u>		<u>14,278,870</u>	<u>14,278,870</u>	
<u>(852,557)</u>	<u>(852,557)</u>		<u>(1,126,404)</u>	<u>(1,126,404)</u>	
			977	977	
			(14,817)	(14,817)	
			279,106	279,106	
			(285,463)	(285,463)	
			2,725	2,725	
			(17,472)	(17,472)	
(852,557)	(852,557)		(1,143,876)	(1,143,876)	
56,469	56,469		1,002,229	1,002,229	
<u>864,343</u>	<u>864,343</u>		<u>1,294,657</u>	<u>1,294,657</u>	
<u>\$68,255</u>	<u>\$68,255</u>	<u>\$0</u>	<u>\$1,153,010</u>	<u>\$1,153,010</u>	<u>\$0</u>

**VALLEY VIEW LOCAL SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN RETAINED EARNINGS  
PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED JUNE 30, 2001**

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
<b>Operating revenues:</b>	
Tuition and fees	\$777
Sales/charges for services	<u>655,157</u>
 Total operating revenues	 655,934
<b>Operating expenses:</b>	
Personal services	339,391
Contract services	63,927
Materials and supplies	322,486
Depreciation	<u>9,367</u>
 Total operating expenses	 <u>735,171</u>
 Operating loss	 (79,237)
<b>Nonoperating revenues:</b>	
Operating grants	51,667
Federal commodities	30,967
Interest revenue	<u>8,454</u>
 Total nonoperating revenues	 <u>91,088</u>
 Net income	 11,851
 Retained earnings, July 1, 2000	 <u>110,773</u>
 Retained earnings, June 30, 2001	 <u><u>\$122,624</u></u>

*The Notes to the General Purpose Financial Statements are an Integral Part of this Statement.*

**VALLEY VIEW LOCAL SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**COMBINED STATEMENT OF CASH FLOWS  
PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED JUNE 30, 2001**

	<b>Proprietary Fund Type</b>
	<b>Enterprise</b>
<b>Cash flows from operating activities:</b>	
Cash received from tuition and fees	\$777
Cash received from sales/service charges	655,490
Cash payments for personal services	(330,773)
Cash payments for contract services	(62,172)
Cash payments supplies and materials	(297,753)
Net cash used in operating activities	(34,431)
<b>Cash flows from noncapital financing activities:</b>	
Cash received from operating grants	45,514
<b>Cash flows from capital and related financing activities:</b>	
Acquisition of capital assets	(64,801)
<b>Cash flows from investing activities:</b>	
Interest received	8,454
Net decrease in cash and cash equivalents	(45,264)
Cash and cash equivalents at beginning of year	150,059
Cash and cash equivalents at end of year	104,795
<b>Reconciliation of operating loss to net cash used in operating activities:</b>	
Operating loss	(79,237)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	9,367
Federal donated commodities	30,967
Changes in assets and liabilities:	
Increase in supplies inventory	(869)
Decrease in accounts receivable	333
Decrease in accounts payable	(3,953)
Increase in accrued wages & benefits	2,334
Increase in compensated absences payable	2,314
Increase in pension obligation payable	3,970
Increase in deferred revenue	343
Net cash used in operating activities	(\$34,431)

*The Notes to the General Purpose Financial Statements are an Integral part of this Statement.*

**This page intentionally left blank.**



**VALLEY VIEW LOCAL SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001**

**1. DESCRIPTION OF THE SCHOOL DISTRICT**

The Valley View Local School District (the "District") is located in Montgomery County and encompasses the Villages of Germantown, Carlisle and Farmersville and the Townships of German, Jackson, Jefferson, Miami and Gratis. The District serves an area of approximately 68 square miles.

The District was established through the consolidation of existing land areas and school districts and is organized under Section 2 and 3, Article VI of the Constitution of the State of Ohio. Under such laws there is no authority for a school district to have a charter or adopt local laws. The legislative power of the District is vested in the Board of Education, consisting of five members elected at large for staggered four-year terms.

The District ranks as the 281<sup>st</sup> largest by enrollment among the 682 public and community school districts in the State, and 12<sup>th</sup> in Montgomery County. It currently operates 2 elementary schools, 1 middle school, and 1 comprehensive high school. The District employs 98 non-certified and 144 certified employees to provide services to 1,986 students in grades K through 12 and various community groups.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District's significant accounting policies are described below.

**A. Reporting Entity**

The District's reporting entity has been defined in accordance with GASB Statement No. 14, The Financial Reporting Entity, effective for financial statements for periods beginning after December 15, 1992. A reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities of the District. Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt, or the levying of taxes for the organization. The financial statements of the reporting entity include only those of the District (the primary government). The District has no component units. The following organizations are described due to their relationship to the District.

**VALLEY VIEW LOCAL SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**1. Jointly Governed Organizations:**

**Miami Valley Career Tech Vocational School**

The vocational school district is a separate body politic and corporate, established by the Ohio Revised Code (ORC) to provide for the vocational and special education needs of its students. The Board of Education is comprised of 17 members elected from the 27 participating school districts. The school accepts non-tuition students from the District as a member school, however, it is considered to be a separate political subdivision and not part of the District. Financial information is available from Debbie Whitton, Treasurer, at 6800 Hoke Road, Clayton, Ohio 45315.

**Southwestern Ohio Educational Purchasing Cooperative (SOEPC)**

SOEPC is a purchasing cooperative made up of nearly 100 school districts in Montgomery and surrounding counties. The purpose of the cooperative is to obtain lower prices for supplies and materials commonly used by the member districts. The members are obligated to pay all fees, charges, and assessments as established by SOEPC. Each member district has one voting representative. Title to any and all equipment and supplies purchased by SOEPC is held in trust for the member districts by the fiscal agent. Any district withdrawing from SOEPC shall forfeit its claim to any and all SOEPC assets. One year of prior notice is necessary for withdrawal from the group. During this time, the withdrawing member is liable for all member obligations. Payments to SOEPC are made from the District's General fund. Financial information is available from SOEPC by contacting Robert Brown, Director, at 1831 Harshman Road, Dayton, Ohio 45424.

**Metropolitan Dayton Educational Cooperative Association (MDECA)**

The District is a participant in MDECA, which is a computer consortium of 25 public school districts within the boundaries of Darke, Greene, Miami, and Montgomery Counties. The organization was formed for the purpose of applying modern technology (with the aid of computers and other electronic equipment) to administrative and instructional functions among member school districts. The governing board of MDECA consists of one representative from each district plus one representative from the fiscal agent. The District pays MDECA an enrollment based fee for services provided during the year; this fee totaled \$41,904 for fiscal 2001. Financial information is available from Jerry C. Woodyard, Executive Director, at 201 Riverside Drive, Dayton, Ohio 45405.

**VALLEY VIEW LOCAL SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**2. Related Organization:**

**Germantown Public Library**

The Germantown Public Library is a distinct political subdivision of the State of Ohio, created in accordance with Chapter 3375, ORC. The Board of Education is responsible for appointing the trustees of the Library; however, the Board cannot influence the Library's operation, nor does the Library represent a potential financial benefit or burden to the District. Although the District does serve as the taxing authority and may issue tax related debt on behalf of the Library, its role is limited to a ministerial function. Once the Library determines to present a levy to the voters, including the determination of the rate and duration, the District must place the levy on the ballot. The Library may issue debt and determines its own budget. The Library did not receive any funding from the District during fiscal year 2001.

The District also participates in a public entity risk sharing pool, discussed in Note 13.

**B. Fund Accounting**

The District uses funds and account groups to report its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain school district activities or functions. Funds are classified into three categories: Governmental, Proprietary and Fiduciary. Each category is divided into separate fund types.

**1. Governmental Funds**

Governmental funds are those through which most governmental functions of the District are financed. The acquisition, use and balances of the District's expendable financial resources and the related liabilities (except those accounted for in Proprietary Funds) are accounted for through Governmental Funds. The following are the District's Governmental Fund Types:

**General Fund**

The General Fund is the general operating fund of the District and is used to account for all financial resources except those required to be accounted for in another fund. The General Fund balance is available to the District for any purpose, provided it is expended or transferred in accordance with applicable Ohio statute.

**Special Revenue Funds**

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.

**VALLEY VIEW LOCAL SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Capital Projects Funds**

Capital Projects Funds are used to account for financial resources to be used for the acquisition of construction of major capital facilities (other than those financed by Proprietary Funds and Trust Funds).

**2. Proprietary Funds**

Proprietary Funds are used to account for the District's ongoing activities which are similar to those often found in the private sector, where the determination of net income is necessary or useful to sound financial administration. The following are the District's Proprietary Fund Types:

**Enterprise Funds**

Enterprise Funds are used to account for operations that are (a) financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**3. Fiduciary Funds**

**Trust and Agency Funds**

These funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These include Expendable Trust and Agency Funds. Expendable Trust funds are accounted for in essentially the same manner as Governmental funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Agency funds are reported on a cash basis, with note disclosure regarding items, which in other fund types, would be subject to accrual.

**4. Account Groups**

To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term liabilities related to specific funds and those of general nature, the following account groups are used:

**General Fixed Assets Account Group**

This group of accounts is established to account for all fixed assets of the District, other than those accounted for in the Proprietary Funds.

**VALLEY VIEW LOCAL SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**General Long-Term Obligations Account Group**

This group of accounts is established to account for all long-term obligations of the District, other than those accounted for in the Proprietary Funds.

**C. Measurement Focus/Basis of Accounting**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All Governmental funds and the Expendable Trust fund are accounted for using a current financial resources measurement focus.

With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

All Proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations of these funds are included on the balance sheet. Proprietary Fund Type operating statements present increases (revenues) and decreases (expenses) in net total assets.

The modified accrual basis of accounting is followed for Governmental and Expendable Trust funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period, which for the District is 60 days after the June 30 year-end. Revenues accrued at the end of the year include interest, tuition, grants and entitlements (to the extent they are intended to finance the current fiscal year), and accounts (student fees and rent).

Current property taxes measurable as of June 30, 2001, but which are intended to finance fiscal 2002 operations, have been recorded as deferred revenues. Delinquent property taxes measurable and available (received within 60 days) and amounts available as an advance on future tax settlements are recognized as revenue at year-end. Taxes available for advance and recognized as revenue, but not received by the District prior to June 30, 2001, are reflected as a reservation of fund balance for future appropriations. The District is prohibited by law from appropriating this revenue in accordance with ORC Section 5705.35, since an advance of revenue was not requested or received prior to the fiscal year-end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On the modified accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied and the resources are available. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been met and the resources are available.

The District reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the recognition of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

**VALLEY VIEW LOCAL SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Expenditures (decreases in net financial resources) are recognized in the period in which the fund liability is incurred with the following exceptions: general long-term obligation principal and interest are reported only when due; and costs of accumulated unpaid vacation and sick leave are reported as expenditures in the period in which they will be liquidated with available financial resources rather than in the period earned by employees. Allocations of cost, such as depreciation and amortization, are not recognized in Governmental funds.

The Proprietary funds are accounted for on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The fair value of donated commodities used during the year is reported on the operating statement as an expense, with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenues.

On the accrual basis of accounting, revenue from nonexchange transactions, such as grants, entitlements, and donations, is recognized in the fiscal year in which all eligibility requirements have been met. The Proprietary funds receive no revenue from property taxes.

**D. Budgets**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. The specific timetable for fiscal year 2001 is as follows:

1. Prior to January 15 of the preceding year, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The expressed purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the Board-adopted budget is filed with the Montgomery County Budget Commission for tax rate determination.
3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources, which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as a basis for the appropriation measure.

On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts set forth in the final Amended Certificate issued for fiscal year 2001.

**VALLEY VIEW LOCAL SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund, function, and object level of expenditures, which are the legal levels of budgetary control. (State statute permits a temporary appropriation to be effective until no later than October 1 of each year.) Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals.
5. All funds, other than Agency funds, are legally required to be budgeted and appropriated. Short-term interest loans are not required to be budgeted since they represent a temporary cash flow resource, and are intended to be repaid.
6. Any revisions that alter the total of any fund appropriation or alter total function appropriations within a fund, or alter object appropriations within functions must be approved by the Board of Education.
7. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions. All departments/functions and funds completed the year within the amount of their legally authorized cash basis appropriation.
8. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations, which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board during fiscal 2001, in the following (net) amounts:

	<u>Increase</u>
General Fund	\$ 381,601
Special Revenue Funds	131,515
Capital Project Funds	4,894
Expendable Trust Fund	1,393
Enterprise Funds	<u>61,394</u>
 Total	 <u>\$ 580,797</u>

9. Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures plus encumbrances may not legally exceed budgeted appropriations at the fund, function and/or object level.

Encumbrance accounting is utilized with District funds in the normal course of operations, for purchase orders and contract related expenditures. An encumbrance is a reserve on the available spending authority due to commitment for a future expenditure and does not represent a liability. For Governmental Fund Types, encumbrances outstanding at year-end appear as a reserve to the fund balance on a GAAP basis and as the equivalent of expenditures on a non-GAAP budgetary basis in order to demonstrate legal compliance. Note 17 provides a reconciliation of the budgetary and GAAP basis of accounting. Encumbrances for Enterprise funds are disclosed in Note 14.

**VALLEY VIEW LOCAL SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Cash and Investments**

To improve cash management, cash received by the District is pooled. Monies for all funds, including Proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the combined balance sheet.

During fiscal year 2001, investments were limited to repurchase agreements and certificates of deposit.

Except for nonparticipating investment contracts and investment contracts that have a remaining maturity of one year or less at the time of purchase, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements and non-negotiable certificates of deposit, and investment contracts that had a remaining maturity of one year or less at the time of purchase are reported at cost.

Under existing Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal 2001 totaled \$134,457, which included \$39,195 assigned from other funds of the District; interest revenue credited to the Food Service enterprise fund totaled \$8,454, which included \$2,006 assigned from other funds of the District.

An analysis of the Treasurer's investment account at year-end is provided in Note 4.

**F. Inventory**

Inventories for all Governmental funds are valued at cost (first-in/first-out method). The purchase method is used to account for inventories. Under the purchase method, inventories are recorded as expenditures when purchased; however, material amounts of inventories at period-end are reported as assets of the respective fund, which are equally offset by a fund balance reserve, which indicates they are unavailable for appropriation even though they are a component of reported assets.

Inventories of Proprietary funds are valued at the lower of cost (first-in/first-out method) or market and expensed when used rather than when purchased.

**G. Prepaids**

Prepayments for Governmental funds represent cash disbursements which have occurred and are therefore not current expendable resources. These items are reported as fund assets on the balance sheet using the allocation method, which amortizes their cost over the periods benefitting from the advance payment. At period-end, because prepayments are not available to finance future Governmental fund expenditures, the fund balance is reserved by an amount equal to the carrying value of the asset.



**VALLEY VIEW LOCAL SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**H. Fixed Assets and Depreciation**

**1. General Fixed Assets Account Group**

General fixed assets are capitalized at cost (or estimated historical cost) and updated for the cost of additions and retirements during the year in the General Fixed Assets Account Group. Donated fixed assets are recorded at their fair market values as of the date donated. The District follows the policy of not capitalizing assets with a cost of less than \$500 and a useful life of less than one year. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized, nor is interest on debt issued to construct or acquire general fixed assets. No depreciation is recognized for assets in the General Fixed Assets Account Group. The District has not included infrastructure in the General Fixed Asset Account Group.

**2. Proprietary Funds**

Equipment reflected in these funds are stated at historical cost or estimated historical cost and updated for the cost of additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date donated. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets.

Depreciation has been provided, where appropriate, on a straight-line basis (using a 10% salvage value) over the following estimated useful lives:

<u>Asset</u>	<u>Life (years)</u>
Buildings	25-50
Furniture, Fixtures and Minor Equipment	5-20
Vehicles	4-6

**I. Compensated Absences**

Compensated absences of the District consist of vacation leave and sick leave to the extent that payment to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the District and the employee.

In accordance with the provisions of GASB Statement No. 16, Accounting for Compensated Absences, a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. A liability for sick leave is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for severance on employees expected to become eligible to retire in the future, all employees age 50 or greater with at least 10 years of service and all employees with at least 20 years of service regardless of their age were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

**VALLEY VIEW LOCAL SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at the balance sheet date, and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

Accumulated vacation and severance of Governmental Fund Type employees meeting the above requirements have been recorded in the appropriate Governmental fund as a current liability to the extent that the amounts are expected to be payable within the current available period. The balance of the liability is recorded in the General Long-Term Obligations Account Group. Vacation and sick leave for employees meeting the above requirements who are paid from Proprietary funds is recorded as an expense when earned.

**J. Other Employee Benefits**

The District has entered into a Retirement Incentive whereby, upon election, an employee reaching his/her first year of retirement eligibility (with a minimum of 30 years of service credit with one or more of Ohio's public employees retirement systems and no less than 10 years of service with the District by the effective date of retirement) is entitled to receive, in lieu of the retirement pay currently provided under Article 23 of the labor agreement, an amount equal to his/her per diem rate times 3/8 of his/her total accumulated and unused sick leave days (310 maximum for 1998-1999; 313 maximum for 1999-2000; 316 maximum for 2000-2001). An employee must retire under any of Ohio's public employee retirement systems by no later than the year he/she first becomes eligible for full retirement or forfeit any claim to the Retirement Incentive. The corresponding liability for employees who are eligible and have currently elected to participate in the Retirement Incentive has been recorded in the General Long-Term Obligations Account Group for employees who are paid from Governmental funds; and as a fund liability for employees paid from Proprietary funds.

**K. Long-Term Obligations**

In general, Governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, compensated absences, contractually required pension contributions, and early retirement incentives that will be paid from Governmental funds are reported as a liability in the General Long-Term Obligations Account Group to the extent that they will not be paid with current available expendable financial resources. Payments made more than sixty days after year-end are generally considered not to have been paid with current available financial resources. Bonds, capital leases, and long-term loans are reported as a liability of the General Long-Term Obligations Account Group until due.

Long-term debt and other obligations financed by Proprietary funds are reported as liabilities in the appropriate Proprietary funds.

**L. Fund Equity**

Reserved fund balances indicate that portion of fund equity, which is not available for current appropriation or is legally segregated for a specific use. Fund balances are reserved for encumbrances, materials and supplies inventory, tax advance unavailable for appropriation, prepaids, budget stabilization, and advances. The reserve for property taxes represents taxes recognized as revenue under GAAP, but not available for appropriation under State statute. The unreserved portions of fund equity reflected for the Governmental funds are available for use within the specific purposes of those funds.

**VALLEY VIEW LOCAL SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**M. Statutory Reserves**

The District is required by State law to set-aside certain (cash-basis) General Fund revenue amounts, as defined by statute, into various reserves. During the fiscal year ended June 30, 2001, the reserve activity was as follows:

	<u>Instructional Materials</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>
Set-aside cash balance as of July 1, 2000	\$ (65,187)	\$ 0	\$ 178,623
Current year set-aside requirement	282,792	282,792	977
Change in statutory requirement			(140,727)
Qualifying disbursements	<u>(492,297)</u>	<u>(544,909)</u>	<u>          </u>
Total	<u>(274,692)</u>	<u>(262,117)</u>	<u>38,873</u>
Cash balance carried forward to FY 2002	<u><u>\$(274,691)</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 38,873</u></u>

Although the District had offsets and qualifying disbursements during the year that reduced the instructional materials and capital acquisition set-aside amounts below zero, only extra amounts spent on instructional materials may be used to reduce the set-aside requirements of future years. Negative amounts are therefore not presented in the capital acquisition set-aside as being carried forward to the next fiscal year.

**N. Interfund Transactions**

During the course of normal operations, the District has numerous transactions between funds. The most significant include:

1. Transfers of resources from one fund to another fund. The resources transferred are to be expended for operations by the receiving fund and are recorded as operating transfers, with the exception of Agency funds, which do not report transfers of resources as operating transfers.
2. Reimbursements from one fund to another are treated as expenditures/expenses in the reimbursing fund and a reduction in expenditures/expenses in the reimbursed fund.
3. Short-term interfund loans made pursuant to Board of Education Resolution are reflected as "interfund loans receivable or payable." Such interfund loans are repaid in the following fiscal year.
4. Quasi-external transactions are similar to the purchase of goods or services from a vendor; i.e., the fund which provides a service records revenue, and the fund which receives that service records an expenditure/expense.
5. Residual equity transfers are non-recurring or non-routine permanent transfers of equity, generally made when a fund is closed.

**VALLEY VIEW LOCAL SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

6. Long-term interfund loans that will not be repaid within the next year are termed "advances" and are shown as reservations of fund balances on the combined balance sheet for those funds that report advances to other funds as assets because they are not spendable, available resources.

An analysis of the District's interfund transactions for fiscal year 2001 is presented in Note 5.

**O. Statement of Cash Flows**

In September 1989, GASB issued Statement No. 9, Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting. The District has presented a statement of cash flows for its Enterprise and Internal Service funds. For purposes of the statement of cash flows, the District considers cash equivalents to include all short term investments (maturity of 90 days or less from date of purchase).

**P. Financial Reporting for Proprietary and Similar Fund Types**

The District's financial statements have been prepared in accordance with GASB Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting. This Statement is effective for financial statements beginning after December 15, 1993. The District accounts for its proprietary activities in accordance with all applicable GASB pronouncements, as well as pronouncements of the Financial Accounting Standards Board (FASB) and its predecessors issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

**Q. Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**R. Memorandum Only - Total Columns**

Total columns on the General Purpose Financial Statements are captioned (Memorandum Only) to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**S. Restricted Assets**

Restricted assets in the General fund represent cash and cash equivalents set aside to establish a budget stabilization reserve. This reserve is required by State statute and can be used only after receiving approval from the State Superintendent of Public Instruction and/or for statutorily-specified purposes. A fund balance reserve has also been established. See Note 2.N. for statutory reserves.

**VALLEY VIEW LOCAL SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**T. Intergovernmental Revenues**

In Governmental funds, entitlements and non-reimbursable grants (to the extent such grants and entitlements relate to the current fiscal year) are recorded as receivables and revenue when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Grants for Proprietary fund operations (excluding commodities) are recognized as revenue when measurable and earned. The District currently participates in various state and federal programs categorized as follows:

**Entitlements**

**General Fund**

State Foundation Program  
State Property Tax Relief

**Non-Reimbursable Grants**

**Special Revenue Funds**

Management Information Systems  
Title IV-B  
SchoolNet Professional Development  
Title I  
Title VI  
Drug-Free School  
Pre-School for the Handicapped  
Instructional Materials Subsidy  
Ohio Reads  
Teacher Development

**Capital Projects Funds**

SchoolNet  
Vocational Education Equipment  
Video Distance Learning

**Reimbursable Grants**

**General Fund**

Driver Education  
School Bus Purchases

**Special Revenue Funds**

Telecommunications (E-rate)  
Underground Storage Tank  
Perkins Vocational Education

**Proprietary Fund**

National School Lunch Program

Grants and entitlements amounted to over 47% of the District's operating revenue during the 2001 fiscal year.

**VALLEY VIEW LOCAL SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001  
(Continued)**

**3. ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principle**

GASB Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions, was implemented during fiscal 2001. This statement pertains to the financial reporting of certain types of revenue received by the District for which no value is given in return, including derived tax revenues, imposed nonexchange transactions, government-mandated nonexchange transactions, and voluntary nonexchange transactions. The effect of the adoption of this statement on the opening fund balances as previously reported by the District at June 30, 2000 follows:

	Governmental Fund Type
	Special Revenue
Fund Balance at June 30, 2000	\$ 152,574
Restatement:	
Due from other governments	70,566
Restated amount at July 1, 2000	\$ 223,140

**B. Fund balances at June 30, 2001 included the following individual fund deficits:**

	<u>Deficit Balance</u>
<u>Special Revenue Funds</u>	
Title I	\$(16,064)
Summer Intervention	(49)
EESA/NDEA	(28)
Title VI-B	(252)

These deficits, caused by the application of generally accepted accounting principles, will be funded by anticipated future intergovernmental revenues or other subsidies not recognized and recorded at June 30. The General fund provides transfers for deficit balances; however, transfers are made when cash is needed rather than when accruals occur.

**C. Agency Fund**

The following are accruals for the agency fund, which, in another fund type, would be recognized in the Combined Balance Sheet:

Accounts Receivable	\$1,930
---------------------	---------

**4. EQUITY IN POOLED CASH AND INVESTMENTS**

State statutes classify monies held by the District into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the District treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

**VALLEY VIEW LOCAL SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001  
(Continued)**

**4. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)**

Inactive deposits are public deposits the Board of Education has identified as not required for use within the current two-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies, which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings accounts, including passbook accounts.

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public moneys deposited with the institution.

Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, Notes, Debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2% and be marked to market daily, and that the term of the agreement must not exceed 30 days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed 180 days from the date of purchase in an amount not to exceed 25% of the interim moneys available for investment at any one time; and,
8. Under limited circumstances, corporate debt instruments rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

**VALLEY VIEW LOCAL SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001  
(Continued)**

**4. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)**

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements.

**Deposits:** At year-end, the carrying amount of the District's deposits was \$1,519,501 and the bank balance was \$1,773,827 (both amounts include \$977,985 in non-negotiable certificates of deposit). Of the bank balance:

- a. \$1,273,046 was covered by federal deposit insurance.
- b. \$500,781 was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the District held to a successful claim by the FDIC.

**Investments:** The District's investments are required to be categorized to give an indication of the level of risk assumed by the District at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the District's name.

	Category of Risk 3	Fair Value
Repurchase Agreement	\$141,303	\$141,303

The classification of cash, cash equivalents, and investments on the combined balance sheet is based on criteria set forth in GASB Statement No. 9 entitled, Reporting Cash Flows of Proprietary and NonExpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting.

A reconciliation between the classifications of cash, cash equivalents, and investments on the combined balance sheet per GASB Statement No. 9 and the classifications of deposits and investments presented above per GASB Statement No. 3 is as follows:



**VALLEY VIEW LOCAL SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001  
(Continued)**

**4. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)**

	<u>Equity in Pooled Cash and Cash Equivalents</u>	<u>Investments</u>
GASB Statement No. 9 Investments of the Cash Management Pool:	\$1,660,804	
Repurchase Agreement	<u>(141,303)</u>	<u>\$141,303</u>
GASB Statement No. 3	<u>\$1,519,501</u>	<u>\$141,303</u>

**5. INTERFUND TRANSACTIONS**

A. Interfund balances at June 30, 2001, consist of the following individual interfund loans receivable and payable:

	<u>Interfund Loan Receivable</u>	<u>Interfund Loan (Payable)</u>
General Fund	\$6,357	
<u>Agency Fund</u> Student Managed Activities	_____	<u>\$(6,357)</u>
Total Interfund Loans	<u>\$6,357</u>	<u>\$(6,357)</u>

B. Interfund balances at June 30, 2001 consist of the following long-term advances:

	<u>Advanced to Other Funds</u>	<u>Advanced (from) Other Funds</u>
General Fund	\$9,653	
<u>Agency Fund</u> Student Managed Activities	_____	<u>\$(9,653)</u>
Total Long-term Advances	<u>\$9,653</u>	<u>\$(9,653)</u>

**6. PROPERTY TAXES**

Property taxes are levied and assessed on a calendar year basis. Distributions from the second half of the calendar year occur in a new fiscal year and are intended to finance the operations of that year. Property taxes include amounts levied against all real, public utility and tangible (used in business) property located in the District.

Real property taxes and public utility taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Assessed values are established by State law at 35% of appraised market value.

**VALLEY VIEW LOCAL SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001  
(Continued)**

**6. PROPERTY TAXES (Continued)**

Public utility property taxes are assessed on tangible personal property, as well as land and improvements. Real property is assessed at 35% of market value, and personal property is assessed at 100% of market value, except for the personal property of rural electric companies, which is assessed 50% of market value, and railroads, which are assessed at 29% of market value.

Tangible personal property taxes attach as a lien and are levied on January 1 of the current year. Tangible personal property assessments are 25% of true value. The first \$10,000 of assessed value is exempt from taxation. The District receives a state subsidy in lieu of tax revenue which would otherwise have been collected.

The assessed values upon which the fiscal year 2001 taxes were collected are as follows:

	2000 Second-Half Collections		2001 First-Half Collections	
	Amount	Percent	Amount	Percent
Real Property	\$136,632,470	84.79	\$138,245,020	85.92
Tangible Personal Property	8,847,665	5.49	7,858,904	4.88
Public Utility Personal	15,667,910	9.72	14,806,750	9.20
	<u>\$161,148,045</u>	<u>100.00</u>	<u>\$160,910,674</u>	<u>100.00</u>

Voted tax rate per \$1,000 of assessed valuation:	\$34.20	\$34.20
---	---------	---------

Real property taxes are payable annually or semi-annually. If paid annually, payment is due January 20; if paid semi-annually, the first payment is due January 20 with the remainder payable by June 20.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The Montgomery County Treasurer collects property tax on behalf of the District. The County Auditor periodically remits to the District its portion of the taxes collected. These tax "advances" are based on statutory cash flow collection rates. Final "settlements" are made each February and August. Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property, and public utility taxes, which became measurable as of June 30, 2001. Although total property tax collections for the next fiscal year are measurable, they are not (exclusive of advances) intended to finance current year operations. The net receivable (total receivable less amount available intended to finance the current year) is therefore offset by a credit to deferred revenue.

Taxes available for advance and recognized as revenue, but not received by the District prior to June 30, 2001, are reflected as a reservation of fund balance for future appropriations. The District is prohibited by law from appropriating this revenue in accordance with ORC Section 5705.35, since an advance of revenue was not requested or received prior to the fiscal year-end. Available tax advances at June 30, 2001 totaled \$265,201 in the General fund.

**VALLEY VIEW LOCAL SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001  
(Continued)**

**7. SCHOOL DISTRICT INCOME TAX**

In fiscal 1994, voters of the District passed a .75% income tax, effective for five years, and renewed it in fiscal 2000. In fiscal 1996, voters of the District passed an additional .5% income tax, effective for five years. The tax is collected by the State of Ohio and remitted to the District quarterly. Total income tax revenue for fiscal 2001 credited to the General fund was \$3,132,983, which includes a receivable at June 30, 2001 of \$899,632.

**8. RECEIVABLES**

Receivables at June 30, 2001 consisted of taxes, interest, interfund loans, accounts, and intergovernmental State and Federal revenue. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of state programs and the current year guarantee of federal funds.

A summary of the principal items of receivables follows:

	<u>Amounts</u>
<u>General Fund</u>	
Property Taxes - Current & Delinquent	\$5,885,054
Income Taxes	899,632
 <u>Enterprise Fund</u>	
Due From Other Governments	6,153

**9. FIXED ASSETS**

A summary of the changes in the General Fixed Assets Account Group during the fiscal year follows:

	<u>Balance July 1, 2000</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance June30,2001</u>
Land/Improvements	\$ 580,141			\$ 580,141
Buildings/Improvements	4,898,036	\$1,002,201		5,900,237
Furniture/Equipment	1,793,663	196,938		1,990,601
Vehicles	1,003,545	81,273		1,084,818
Construction in Progress	<u>112,809</u>	<u>712,201</u>	<u>\$(825,010)</u>	<u>                    </u>
Total	<u>\$8,388,194</u>	<u>\$1,992,613</u>	<u>\$(825,010)</u>	<u>\$9,555,797</u>

A summary of the Proprietary fixed assets at June 30, 2001 follows:

Furniture and Equipment	\$ 274,432
Less: Accumulated Depreciation	<u>(164,948)</u>
Net Fixed Assets	<u>\$ 109,484</u>

**VALLEY VIEW LOCAL SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001  
(Continued)**

**10. CAPITALIZED LEASES - LESSEE DISCLOSURE**

In the prior year, the District entered into a lease for a building. This lease meets the criteria of a capital lease as defined by FASB Statement No. 13, Accounting for Leases, which defines a capital lease generally as one that transfers benefits and risks of ownership to the lessee at the conclusion of the lease term.

Capital lease payments have been recorded as debt service expenditures in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances for the Governmental Fund Types and Expendable Trust Fund. General fixed assets acquired by lease have been capitalized in the General Fixed Assets Account Group in the amount of \$825,010, which is equal to the present value of the future minimum lease payments as of the date of their inception.

A corresponding liability was recorded in the General Long-Term Obligations Account Group. Principal payments for fiscal year 2001 totaled \$33,113. This amount is reflected as debt service principal retirement in the General fund.

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the future minimum lease payments as of June 30, 2001:

<u>Year Ending June 30</u>	<u>Building</u>
2002	\$ 90,039
2003	90,040
2004	90,038
2005	90,038
2006	90,039
2007 - 2011	450,196
2012 - 2015	<u>360,253</u>
Total Future Minimum Lease Payments	1,260,643
Less: Amount Representing Interest	(453,756)
Present Value of Future Minimum Lease Payments	<u>\$ 806,887</u>

**11. LONG-TERM OBLIGATIONS**

Previously issued general obligation notes outstanding, issued to provide funds for school bus purchases, in accordance with the terms of the State of Ohio's School Bus Purchase Finance Program, are general obligations of the District for which the full faith and credit of the District are pledged for repayment. Accordingly, such unmatured obligations of the District are accounted for in the General Long-Term Obligations Account Group. Payments of principal and interest relating to these liabilities are recorded as expenditures in the General fund. The State provides the funds for the repayment of these notes. During fiscal 2001, the District received a total of \$32,813 as part of the state reimbursement for the school buses.

In fiscal year 1997, the District issued un-voted long-term "energy conservation" notes, under authority of H.B. 264. Energy conservation notes outstanding are general obligations of the District, for which the District's full faith and credit are pledged for repayment. Accordingly, these notes are accounted for in the General Long-Term Obligations Account Group. Payments of principal and interest relating to these notes are recorded as expenditures in the General fund; however, unlike general obligation bonds, Ohio statute allows for the issuance of these notes without voter approval, and the subsequent repayment of the notes from operating revenues.

**VALLEY VIEW LOCAL SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001  
(Continued)**

**11. LONG-TERM OBLIGATIONS (Continued)**

During the previous fiscal year, the District issued un-voted general obligation bonds to provide funds for the acquisition of a new building. These bonds are general obligations of the District for which the full faith and credit of the District are pledged for repayment. Accordingly, such unmatured obligations of the District are accounted for in the General Long-Term Obligations Account Group.

By agreement with the County Budget Commission, and in accordance with Ohio law, the District has converted a portion of its "inside", or un-voted millage to provide the source of repayment for these bonds. Ohio statutes allow for the issuance of un-voted general obligation debt to the extent that the par amount of said debt does not exceed 1/10 of 1% of the valuation (at issuance date) of the District.

A. The following is a description of the District's notes and bonds outstanding as of June 30, 2001:

	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Outstanding July 1, 2000</u>	<u>Issued in 2001</u>	<u>Retired in 2001</u>	<u>Outstanding June 30, 2001</u>
Energy							
Conservation Note	5.40%	05/15/96	06/15/05	\$725,000		\$(120,000)	\$605,000
School Bus							
Purchase Bonds	5.49%	05/01/96	04/01/03	66,000		(21,000)	45,000
Facility							
Acquisition Bonds	6.90%	06/09/00	06/09/15	<u>160,000</u>	<u>          </u>	<u>(6,307)</u>	<u>153,693</u>
				<u>\$951,000</u>	<u>\$      0</u>	<u>\$(147,307)</u>	<u>\$803,693</u>

B. The following is a summary of the District's future annual debt service requirements to maturity for its general obligation debt:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2002	\$158,757	\$ 47,764	\$206,521
2003	175,238	38,780	214,018
2004	162,753	28,712	191,465
2005	183,305	19,170	202,475
2006	8,897	8,253	17,150
2007 - 2011	54,943	30,809	85,752
2012 - 2016	<u>59,800</u>	<u>8,803</u>	<u>68,603</u>
Total	<u>\$803,693</u>	<u>\$182,291</u>	<u>\$985,984</u>

C. During the year ended June 30, 2001, the following changes occurred in the liabilities reported in the General Long-Term Obligations Account Group. Compensated absences, pension obligation, and the retirement incentive will be paid from the fund in which the employee was paid.

**VALLEY VIEW LOCAL SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001  
(Continued)**

**11. LONG-TERM OBLIGATIONS (Continued)**

	<u>Balance</u> <u>July 1, 2000</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>June 30, 2001</u>
Compensated absences:				
Sick leave (severance)	\$ 597,429	\$135,453	\$ (81,837)	\$ 651,045
Vacation	9,956	37,444	(32,936)	14,464
Retirement incentive	37,266	14,049	(37,266)	14,049
Pension obligation payable	78,557	89,568	(78,557)	89,568
School Bus Bonds	66,000		(21,000)	45,000
General obligation bonds payable	160,000		(6,307)	153,693
Energy Conservation Notes	725,000		(120,000)	605,000
Obligation under capital lease	<u>840,000</u>		<u>(33,113)</u>	<u>806,887</u>
Total	<u>\$2,514,208</u>	<u>\$276,514</u>	<u>\$(411,016)</u>	<u>\$2,379,706</u>

**D. Legal Debt Margin**

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District.

The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code further provides that un-voted indebtedness for energy conservation measures shall not exceed 9/10 of 1% of the property valuation of the District. The effects of these debt limitations at June 30, 2001 are a voted debt margin of \$14,481,961; an unvoted debt margin of \$7,218; and an un-voted energy conservation debt margin of \$843,196.

**12. NOTES PAYABLE**

A. In a prior period, the District issued tax anticipation notes for the purpose of paying current expenses. These notes are general obligations of the District, for which the full faith and credit of the District is pledged for repayment. The principal payment of \$160,000 was made from the General fund, which liquidated the liability.

<u>Purpose</u>	<u>Interest</u> <u>Rate</u>	<u>Issue</u> <u>Date</u>	<u>Maturity</u> <u>Date</u>	<u>Original</u> <u>Amount</u>	<u>Notes</u> <u>Outstanding</u> <u>07/01/00</u>	<u>Issued</u> <u>in 2001</u>	<u>Retired</u> <u>in 2001</u>	<u>Notes</u> <u>Outstanding</u> <u>06/30/01</u>
Tax Anticipation Note	5.12%	05/01/95	12/15/00	\$550,000	\$160,000		\$(160,000)	\$ 0

**NOTE 13 - RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District carries employee health and general liability insurance coverage through a commercial carrier. Absent the deductible, the risk of loss transfers entirely to the commercial carrier.

**VALLEY VIEW LOCAL SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001  
(Continued)**

**NOTE 13 - RISK MANAGEMENT (continued)**

The District purchases dental and workers compensation insurance through the Southwestern Ohio Educational Purchasing Cooperative Benefit Plan Trust (the "Trust"). The Trust is a public entity risk pool currently operating as a common risk management and insurance program. The intent of the Trust is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the Trust. The workers compensation experience of the participating school districts is calculated as one experience and the common premium rate is applied to all districts in the Trust. The Trust is self-sustaining through member premiums and will reinsure through commercial coverage for claims in excess of the pooling level per year.

Post employment health care is provided to plan participants or their beneficiaries through the respective retirement systems discussed in Note 16. As such, no funding provisions are required by the District.

The District continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There has been no significant reduction in amounts of insurance coverage from fiscal 2000.

**NOTE 14 - SEGMENT INFORMATION - ENTERPRISE FUNDS**

The District maintains three Enterprise funds to account for the operations of Food Service, Uniform School Supplies, and the Latchkey program. The table below reflects, in a summarized format, the more significant financial data relating to the Enterprise Funds of the District as of and for the year ended June 30, 2001.

**VALLEY VIEW LOCAL SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001  
(Continued)**

**NOTE 14 - SEGMENT INFORMATION - ENTERPRISE FUNDS (Continued)**

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Latchkey Programs</u>	<u>Total</u>
Operating revenue	\$ 584,539	\$ 777	\$70,618	\$ 655,934
Depreciation	9,340		27	9,367
Operating loss	(62,916)	(15,026)	(1,295)	(79,237)
Non-operating Revenue:				
Operating Grants	51,667			51,667
Donated federal commodities	30,967			30,967
Net income (loss)	28,172	(15,026)	(1,295)	11,851
Net working capital	(1,853)	644	32,993	31,784
Fixed Assets:				
Additions	64,801		64,801	
Total assets	181,010	644	44,505	226,159
Long-Term Liabilities				
Payable from Fund Revenues	18,644			18,644
Total equity	88,552	644	33,428	122,624
Encumbrances at 6/30/01		37		37

**NOTE 15 - DEFINED BENEFIT PENSION PLANS**

**A. School Employees Retirement System**

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides basic retirement and disability benefits, cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is established by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9% of their annual covered salary and the District is required to contribute at an actuarially determined rate, which was 14% for 2001; 4.2% was the portion to fund pension obligations. The contribution rates of plan members and employers are established and may be amended by the School Employees Retirement Board, up to maximum amounts allowed by State statute.



**VALLEY VIEW LOCAL SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001  
(Continued)**

**NOTE 15 - DEFINED BENEFIT PENSION PLANS (Continued)**

The adequacy of the contribution rates is determined annually. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$65,191, \$110,779 and \$196,415, respectively; 46% has been contributed for fiscal year 2001 and 100% for the fiscal years 2000 and 1999. \$141,804, which represents the unpaid contribution for fiscal year 2001, is recorded as a liability within the respective funds and the General Long-Term Obligations Account Group.

**B. State Teachers Retirement System**

The District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information for STRS. The report may be obtained by writing to the State

Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

Plan members are required to contribute 9.3% of their annual covered salary and the District is required to contribute 14%; 9.5% was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. The District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2001, 2000 and 1999 were \$579,409, \$377,543, and \$844,970, respectively; 83% has been contributed for fiscal year 2001 and 100% for the fiscal years 2000 and 1999. \$155,760, which represents the unpaid contribution for fiscal year 2001, is recorded as a liability within the respective funds.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by SERS or STRS have an option to choose Social Security or SERS/STRS. As of June 30, 2001, members of the Board of Education have elected Social Security. The Board's liability is 6.2% of wages paid.

**NOTE 16 - POSTEMPLOYMENT BENEFITS**

The District provides comprehensive health care benefits to retired teachers and their dependents through STRS, and to retired non-certified employees and their dependents through SERS. Benefits include hospitalization, physicians' fees, prescription drugs, and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by State statute. Both systems are funded on a pay-as-you-go basis.

**VALLEY VIEW LOCAL SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001  
(Continued)**

**NOTE 16 - POSTEMPLOYMENT BENEFITS (Continued)**

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients are required to pay a portion of health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14% of covered payroll. For this fiscal year, the Board allocated employer contributions equal to 4.5% of covered payroll to the Health Care Reserve Fund. For the District, this amount equaled \$274,457 during the 2001 fiscal year.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Health Care Reserve Fund was \$3.419 billion at June 30, 2000 (the latest information available). For the year ended June 30, 2000, net health care costs paid by STRS were \$283.137 million and there were 99,011 eligible benefit recipients.

For SERS, coverage is made available to service retirees with 10 or more fiscal years of qualifying service credit, disability, and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than 25 years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75% of the premium.

For this fiscal year, employer contributions to fund health care benefits were 9.8% of covered payroll, an increase from 8.45% for fiscal year 2000. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2001, the minimum pay has been established at \$12,400. The surcharge, added to the unallocated portion of the 14% employer contribution rate, provides for maintenance of the asset target level for the health care fund.

The target level for the health care reserve is 150% of annual health care expenses. Expenses for health care at June 30, 2000 (the latest information available), were \$140.7 million and the target level was \$211.0 million. At June 30, 2000, SERS had net assets available for payment of health care benefits of \$252.3 million and there were approximately 50,000 participants receiving health care benefits. For the District, the amount to fund health care benefits, including surcharge, equaled \$152,113 during the 2001 fiscal year.

**NOTE 17 - BUDGETARY BASIS OF ACCOUNTING**

While reporting financial position, results of operations, and changes in fund balance is done on a GAAP basis, the budgetary basis, as provided by law, is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The Combined Statement of Revenue, Expenditures, and Changes in Fund Balances -Budget and Actual - All Governmental Fund Types is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

**VALLEY VIEW LOCAL SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001  
(Continued)**

**NOTE 17 - BUDGETARY BASIS OF ACCOUNTING (Continued)**

- (a) Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, encumbrances are recorded as the equivalent of an expenditure (budget basis) as opposed to a reservation of fund balance for Governmental funds (GAAP basis).
- (d) Proceeds from and principal payments on bond and revenue anticipation notes are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the Governmental funds are as follows:

**Excess (Deficiency) of Revenues and Other Financing Sources  
Over/(Under) Expenditures and Other  
Financing Uses**

	Governmental Fund Types		
	General Fund	Special Revenue Funds	Capital Projects Funds
Budget Basis	\$(240,545)	\$(50,774)	\$(852,557)
Net Adjustment for Revenue Accruals	304,484	(165,364)	(2,864)
Net Adjustment for Expenditure Accruals	(124,109)	(12,402)	(45,030)
Net adjustment for other Financing Sources (Uses)	(65,699)	83,032	2,864
Encumbrances	<u>244,536</u>	<u>29,547</u>	<u>49,258</u>
GAAP Basis	<u>\$ 118,667</u>	<u>\$(115,961)</u>	<u>\$(848,329)</u>

**VALLEY VIEW LOCAL SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001  
(Continued)**

**NOTE 18 - CONTINGENT LIABILITIES**

**A. Grants**

The District receives significant financial assistance from numerous federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the District at June 30, 2001.

**B. Litigation**

As of the balance sheet date, the District is involved in no litigation as either plaintiff or defendant.

**C. School Funding Decision**

On September 6, 2001, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision identified aspects of the current plan that require modification if the plan is to be considered constitutional, including:

- A change in the school districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to school districts as a result of this change must be retroactive to July 1, 2001, although a time line for distribution is not specified.
- Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006.

The Supreme Court relinquished jurisdiction over the case based on anticipated compliance with its order.

In general, it is expected that the decision would result in an increase in State funding for most Ohio school districts. However, as of April 5, 2002, the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts. Further, the State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001.

On November 2, 2001, the Court granted this motion for reconsideration. The Court may re-examine and re-determine any issue upon such reconsideration.

As of the date of these financial statements, the District is unable to determine the effect, if any, this decision and the re-consideration will have on its future State funding and on its financial operations.

**VALLEY VIEW LOCAL SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
JUNE 30, 2001**

Federal Grantor/ Pass Through Grantor Program Title	Federal CFDA Number	Pass Through Entity Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<b>UNITED STATES DEPARTMENT OF AGRICULTURE</b>						
<i>Passed Through Ohio Department of Education</i>						
Nutrition Cluster Food Distribution	10.550			\$ 31,310		\$ 30,967
National School Lunch Program	10.555	LL-P1 2000	2,894		2,894	
		LL-P4 2000	3,331		3,331	
		LL-P1 2001	20,001		20,001	
		LL-P4 2001	17,340		17,340	
Total National School Lunch Program			43,566		43,566	
Total United States Department of Agriculture - Nutrition Cluster			43,566	31,310	43,566	30,967
<b>UNITED STATES DEPARTMENT OF EDUCATION</b>						
<i>Passed Through Ohio Department of Education</i>						
Special Education Cluster Special Education Grants to States	84.027	6B-SF 1999	70,566		37,912	
		6B-SF 2000	102,856		101,312	
Total Special Education Grants to States			173,422		139,224	
Special Education Preschool Grants	84.173	PG-S1 2000			208	
			3,961		3,961	
Total Special Education Preschool Grants			3,961		4,169	
Total Special Education Cluster			177,383		143,393	
Title I Grants to Local Education Agencies	84.010	C1-S1 2000	68,768		39,811	
		C1-S1 2001	103,191		93,255	
Total Title I Grants to Local Education Agencies			171,959		133,066	
Safe and Drug Free Schools and Communities -- State Grants	84.186	DR-S1 2000			892	
		DR-S1 1999			2,547	
		DR-S1 2001	7,769		7,650	
Total Safe and Drug Free Schools and Communities -- State Grants			7,769		11,089	
Innovative Education Program Strategies	84.298	C2-S1 2001	9,272		9,272	
Class Size Reduction Subsidy	84.340	CR-S1 2000			10,019	
		CR-S1 2001	29,198		17,040	
Total Class Size Reduction Subsidy			29,198		27,059	
Eisenhower Professional Development State Grants	84.281	MS-S1 2001	5,932		5,932	
<i>Passed Through Miami Valley Career Technology Center</i>						
Vocational Education -- Basic Grants to States	84.048	20-C1 2000			1,738	
		20-C1 2001	2,632		974	
		20-C1 1993			658	
		20-C1 1998			200	
		20-C1 1999			447	
Total Vocational Education -- Basic Grants to States			2,632		4,017	
Total United States Department of Education			404,145		333,828	
<b>UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>						
<i>Passed through Montgomery County Educational Service Center</i>						
Medical Assistance Program	93.778		8,597		8,597	
<b>Total Federal Assistance</b>			<b>\$ 456,308</b>	<b>\$ 31,310</b>	<b>\$ 385,991</b>	<b>\$ 30,967</b>

The notes to the Schedule of Federal Awards Receipts and Expenditures are an integral part of this Statement.

**VALLEY VIEW LOCAL SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2001**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) summarizes activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting.

**NOTE B - NUTRITION CLUSTER**

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2001, the District had no significant food commodities in inventory.

**NOTE C - MATCHING REQUIREMENTS**

Certain Federal programs require that the District contribute non-Federal funds (matching funds) to support the Federally-funded programs. The District complied with the matching requirements. The expenditures of non-Federal matching funds is not included on the Schedule.



STATE OF OHIO  
OFFICE OF THE AUDITOR  
JIM PETRO, AUDITOR OF STATE

One First National Plaza  
130 West Second Street  
Suite 2040  
Dayton, Ohio 45402  
Telephone 937-285-6677  
800-443-9274  
Facsimile 937-285-6688  
www.auditor.state.oh.us

## REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Valley View Local School District  
Montgomery County  
64 Comstock Avenue  
Germantown, Ohio 45327

To the Board of Education:

We have audited the financial statements of Valley View Local School District as of and for the year ended June 30, 2001, and have issued our report thereon dated April 5, 2002. 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 Government Auditing Standards, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether the District'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 certain immaterial instances of noncompliance that we have reported to the management of the District in a separate letter dated April 5, 2002.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District'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 District in a separate letter dated April 5, 2002.

Valley View Local School District  
Montgomery County  
Report of Independent Accountants on Compliance and on  
Internal Controls Required By *Government Auditing Standards*  
Page 2

This report is intended for the information and use of the audit committee, management, the Board of Education, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

April 5, 2002





STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

One First National Plaza  
130 West Second Street  
Suite 2040  
Dayton, Ohio 45402  
Telephone 937-285-6677  
800-443-9274  
Facsimile 937-285-6688  
www.auditor.state.oh.us

**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO MAJOR FEDERAL PROGRAMS AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Valley View Local School District  
Montgomery County  
64 Comstock Avenue  
Germantown, Ohio 45327

To the Board of Education:

**Compliance**

We have audited the compliance of Valley View Local School District (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2001. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, Valley View Local School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2001. We noted a certain immaterial instance of noncompliance that we have reported to the management of the District in a separate letter dated April 5, 2002.

### **Internal Control Over Compliance**

The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control 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 noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program 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 compliance and its operation that we consider to be material weaknesses. We noted a matter involving the internal control over federal compliance that does not require inclusion in his report, that we have reported to management of the District in a separate letter dated April 5, 2002.

This report is intended for the information and use of the audit committee, management, the Board of Education, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

April 5, 2002

**VALLEY VIEW LOCAL SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505  
JUNE 30, 2001**

**1. SUMMARY OF AUDITOR'S RESULTS**

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unqualified
<b>(d)(1)(ii)</b>	<b>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material non-compliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any other reportable internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Program (list):</b>	Title I Grants to Local Agencies, CFDA #84.010 Special Education Cluster CFDA #84.027 and 84.173
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: \$300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	No

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

None.

**3. FINDINGS FOR FEDERAL AWARDS**

None.

**VALLEY VIEW LOCAL SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
OMB CIRCULAR A -133 § .315 (b)  
JUNE 30, 2001**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain:</i></b>
<b>2000-10357-001</b>	ORC Section 5705,29 (H) Budget Stabilization Reserve incorrectly reported as part of unencumbered general fund balance available for appropriation.	N/A	No longer valid due change in statutory requirements.
<b>2000-10357-002</b>	ORC Section 5705,41(B)Expenditures including encumbrances exceeded appropriations.	Yes	Fully corrected for FY 2001
<b>2000-10357-003</b>	Fixed asset inventory not updated	No	Partially corrected, management will update when GASB 34 is adopted.
<b>2000-10357-004</b>	District did not include year end encumbrances in final appropriation amendment.	Yes	Fully corrected for FY 2001



STATE OF OHIO  
OFFICE OF THE AUDITOR  

---

JIM PETRO, AUDITOR OF STATE

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-466-4490

**VALLEY VIEW LOCAL SCHOOL DISTRICT**

**MONTGOMERY 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  
APRIL 18, 2002**