



**Auditor of State  
Betty Montgomery**



VILLAGE OF VALLEY VIEW  
CUYAHOGA COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2001 .....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - Proprietary and Similar Fiduciary Fund Types - For the Year Ended December 31, 2001 .....	4
Notes to the Financial Statements .....	5
Schedule of Federal Awards Expenditures .....	11
Notes to Schedule of Federal Awards Expenditures .....	12
Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	13
Independent Accountants' Report on Compliance with Requirements Applicable to Its Major Federal Program and Internal Control Over Compliance in Accordance with OMB Circular A-133 .....	15
Schedule of Findings.....	17
Corrective Action Plan .....	18

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## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Valley View, Cuyahoga County, Ohio, (the Village) as of and for the year ended December 31, 2001. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village of Valley View, Cuyahoga County, Ohio, as of December 31, 2001, and its combined cash receipts and disbursements for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 25, 2003 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying federal awards expenditures schedule 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 financial statements. We subjected this information to the auditing procedures applied in the audit of the financial statements. In our opinion, it is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

February 25, 2003

**VILLAGE OF VALLEY VIEW  
CUYAHOGA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>				<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>					
Property Tax and Other Local Taxes	\$882,656	\$354,868	\$0	\$0	\$1,237,524
Municipal Income Taxes	8,208,448	0	0	0	8,208,448
Special Assessments	0	0	281,678	0	281,678
Intergovernmental Receipts	332,129	188,838	0	378,777	899,744
Charges for Services	119,737	0	0	0	119,737
Fines, Licenses, and Permits	122,182	2,713	0	850	125,745
Earnings on Investments	271,143	0	0	0	271,143
Miscellaneous	172,833	9,703	0	5,305	187,841
<b>Total Cash Receipts</b>	<u>10,109,128</u>	<u>556,122</u>	<u>281,678</u>	<u>384,932</u>	<u>11,331,860</u>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	2,332,169	333,999	0	0	2,666,168
Public Health Services	10,833	0	0	0	10,833
Leisure Time Activities	397,235	376,532	0	0	773,767
Basic Utility Services	146,989	0	0	0	146,989
Transportation	485,124	154,536	0	0	639,660
General Government	1,402,893	0	0	0	1,402,893
Debt Service:					
Principal Payments	0	0	421,000	0	421,000
Interest and Fiscal Charges	0	0	386,002	0	386,002
Capital Outlay	1,426,251	53,072	0	2,920,025	4,399,348
<b>Total Cash Disbursements</b>	<u>6,201,494</u>	<u>918,139</u>	<u>807,002</u>	<u>2,920,025</u>	<u>10,846,660</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>3,907,634</u>	<u>(362,017)</u>	<u>(525,324)</u>	<u>(2,535,093)</u>	<u>485,200</u>
<b>Other Financing Receipts and (Disbursements):</b>					
Transfers-In	4,176	508,225	765,562	1,682,247	2,960,210
Transfers-Out	(3,308,425)	0	0	0	(3,308,425)
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>(3,304,249)</u>	<u>508,225</u>	<u>765,562</u>	<u>1,682,247</u>	<u>(348,215)</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>603,385</u>	<u>146,208</u>	<u>240,238</u>	<u>(852,846)</u>	<u>136,985</u>
<b>Fund Cash Balances, January 1</b>	<u>6,126,000</u>	<u>700,438</u>	<u>279,786</u>	<u>3,079,440</u>	<u>10,185,664</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$6,729,385</b></u>	<u><b>\$846,646</b></u>	<u><b>\$520,024</b></u>	<u><b>\$2,226,594</b></u>	<u><b>\$10,322,649</b></u>
<b>Reserves for Encumbrances, December 31</b>	<u><b>\$67,893</b></u>	<u><b>\$105,764</b></u>	<u><b>\$1,924</b></u>	<u><b>\$339,224</b></u>	<u><b>\$514,805</b></u>

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

**VILLAGE OF VALLEY VIEW  
CUYAHOGA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Internal Service</u>	<u>Agency</u>	<u>Totals (Memorandum Only)</u>
<b>Operating Cash Receipts:</b>			
Charges for Services	\$30,047	\$32,623	\$62,670
Miscellaneous	42,369	221	42,590
	<hr/>	<hr/>	<hr/>
Total Operating Cash Receipts	72,416	32,844	105,260
<b>Operating Cash Disbursements:</b>			
Personal Services	435,262	0	435,262
Contractual Services	0	10,188	10,188
Supplies and Materials	0	544	544
	<hr/>	<hr/>	<hr/>
Total Operating Cash Disbursements	435,262	10,732	445,994
Operating Income/(Loss)	<hr/> (362,846)	<hr/> 22,112	<hr/> (340,734)
<b>Non-Operating Cash Receipts:</b>			
Other Non-Operating Receipts	<hr/> 0	<hr/> 143,197	<hr/> 143,197
<b>Non-Operating Cash Disbursements:</b>			
Other Non-Operating Cash Disbursements	<hr/> 0	<hr/> 158,659	<hr/> 158,659
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers	<hr/> (362,846)	<hr/> 6,650	<hr/> (356,196)
Transfers-In	350,000	2,391	352,391
Transfers-Out	<hr/> 0	<hr/> (4,176)	<hr/> (4,176)
Net Receipts Over/(Under) Disbursements	<hr/> (12,846)	<hr/> 4,865	<hr/> (7,981)
Fund Cash Balances, January 1	<hr/> 119,802	<hr/> 35,310	<hr/> 155,112
<b>Fund Cash Balances, December 31</b>	<b><u><u>\$106,956</u></u></b>	<b><u><u>\$40,175</u></u></b>	<b><u><u>\$147,131</u></u></b>

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



**VILLAGE OF VALLEY VIEW  
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

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

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

**B. Basis of Accounting**

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

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

**C. Cash and Investments**

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

**D. Fund Accounting**

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

**1. General Fund**

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

**2. Special Revenue Funds**

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

*Parks and Recreation Fund* - This fund receives property tax money levied for the continued maintenance of Lombardo and Tiny Lane Parks.

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

**VILLAGE OF VALLEY VIEW  
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001  
(Continued)**

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

**D. Fund Accounting (Continued)**

**3. Debt Service Funds**

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

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

*Special Assessment Debt Fund* – This fund is used to account for the accumulation of resources for, and the payment of special assessment debt principal and interest.

**4. Capital Project Funds**

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

*Canal Road Issue 2* - This fund receives Issue II monies for the street widening and resurfacing of canal road.

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

*Sewer and Water Fund* – This fund is used for the maintenance of storm sewers and drains.

**5. Internal Service Fund**

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

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

**6. Fiduciary Funds (Agency Funds)**

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

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

**VILLAGE OF VALLEY VIEW  
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001  
(Continued)**

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

**E. Budgetary Process**

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

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

**3. Encumbrances**

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

A summary of 2001 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

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

**G. Unpaid Vacation and Sick Leave**

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

**2. CASH AND INVESTMENTS**

The Village maintains a cash and investments pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31, 2001 was as follows:

**VILLAGE OF VALLEY VIEW  
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001  
(Continued)**

**2. CASH AND INVESTMENTS (Continued)**

	2001
Demand deposits	\$4,157,800
STAR Ohio	6,311,980
Total deposits and investments	\$10,469,780

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

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the year ending December 31, 2001 follows:

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$9,988,490	\$10,113,304	\$124,814
Special Revenue	1,179,924	1,064,347	(115,577)
Debt Service	940,000	1,047,240	107,240
Capital Projects	2,329,678	2,067,179	(262,499)
Internal Service	422,416	422,416	0
Total	\$14,860,508	\$14,714,486	(\$146,022)

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$11,458,676	\$9,577,812	\$1,880,864
Special Revenue	1,711,312	1,023,903	687,409
Debt Service	831,048	808,926	22,122
Capital Projects	4,361,713	3,259,249	1,102,464
Internal Service	500,000	435,262	64,738
Total	\$18,862,749	\$15,105,152	\$3,757,597

**4. PROPERTY TAX**

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

**VILLAGE OF VALLEY VIEW  
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001  
(Continued)**

**4. PROPERTY TAX (Continued)**

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

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

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

**5. LOCAL INCOME TAX**

The Village levies a municipal income tax of two percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village's tax collection agent, the Regional Income Tax Agency, monthly. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

**6. DEBT**

Debt outstanding at December 31, 2001 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Bonds	4,440,000	4% - 6%
Special Assessment Bonds	<u>2,044,000</u>	4.35% - 5.55%
Total	<u><u>\$6,484,000</u></u>	

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

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

**VILLAGE OF VALLEY VIEW  
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001  
(Continued)**

**6. DEBT (Continued)**

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

	General Obligation Bonds	Special Assessment Bonds
Year ending December 31:		
2002	\$503,915	\$288,595
2003	507,575	280,255
2004	505,475	266,665
2005	507,475	163,045
2006	523,275	142,668
2007-2011	2,660,425	723,827
2012-2016	820,925	726,164
2017-2020	180,101	576,873
Total	<u>\$6,209,166</u>	<u>\$3,168,092</u>

**7. RETIREMENT SYSTEMS**

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2001, OP&F participants contributed 10% of their wages. The Village contributed an amount equal to 19.5% of police participant and 24% of fire participant wages. PERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of participants' gross salaries in 2001. The Village has paid all contributions required through December 31, 2001.

**8. RISK MANAGEMENT**

**Commercial Insurance**

The Village has obtained commercial insurance for the following risks:

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

**Self Insurance**

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

**VILLAGE OF VALLEY VIEW  
CUYAHOGA COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2001**

Federal Grantor/ Pass-Through Grantor/ Program Title	Pass-Through Entity Number	CFDA Number	Federal Expenditures
<b><u>U.S. Department of Housing and Urban Development</u></b>			
<i>Passed Through the Ohio Department of Development</i>			
<i>Passed Through Cuyahoga County</i>			
Community Development Block Grant	N/A	14.228	\$300,000
<b>Total</b>			<u><u>\$300,000</u></u>

The accompanying notes to this schedule are an integral part of this schedule.

**VILLAGE OF VALLEY VIEW  
CUYAHOGA COUNTY  
FISCAL YEAR ENDED DECEMBER 31, 2001**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES**

**NOTE A--SIGNIFICANT ACCOUNTING POLICIES**

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

N/A – Not Applicable

CFDA – Catalog of Federal Domestic Assistance





## **Auditor of State Betty Montgomery**

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

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

To the Village Council:

We have audited the financial statements of the Village of Valley View, Cuyahoga County, Ohio, (the Village) as of and for the year ended December 31, 2001, and have issued our report thereon dated February 25, 2003. 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 Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Village in a separate letter dated February 25, 2003.

This report is intended for the information and use of management, Village Council 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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

February 25, 2003



## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO ITS MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

To the Village Council:

#### Compliance

We have audited the compliance of the Village of Valley View, Cuyahoga County, Ohio, (the Village) 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 its major federal program for the year ended December 31, 2001. The Village's major federal program is 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 its major federal program is the responsibility of the Village's management. Our responsibility is to express an opinion on the Village'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 Village'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 Village's compliance with those requirements.

In our opinion, the Village complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2001. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that is required to be reported in accordance with OMB Circular A-133 and is described in the accompanying schedule of findings as item 2001-30818-001.

#### Internal Control Over Compliance

The management of the Village 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 Village'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.

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[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

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. However, we noted a matter involving the internal control over federal compliance that does not require inclusion in this report, that we have reported to management of the Village in a separate letter dated February 25, 2003.

This report is intended for the information and use of management, Village Council 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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

February 25, 2003

**VILLAGE OF VALLEY VIEW  
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2001**

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>		
<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	Yes
<i>(d)(1)(vii)</i>	Major Programs (list):	Community Development Block Grant, CFDA # 14.228
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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None

<b>3. FINDINGS FOR FEDERAL AWARDS</b>
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<b>Finding Number</b>	2001-30818-001
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**Federal Reporting**

OMB Circular A-133 Sections .200 and .320 state in part that non-federal entities that expend \$300,000 or more in a year in Federal awards shall have a single audit conducted within nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency.

The Village expended \$300,000 in federal funds during fiscal year 2001, however, did not have an audit completed within the required time period.

We recommend the Village review the OMB Circular A-133 requirements and contact the Auditor of State for an annual audit when federal expenditures equal or exceed \$300,000.

**VILLAGE OF VALLEY VIEW  
CUYAHOGA COUNTY**

**CORRECTIVE ACTION PLAN  
OMB CIRCULAR A -133 § .315 (c)  
DECEMBER 31, 2001**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2001-30818-001	The Village will contact the Auditor of State to complete an A-133 audit within nine months after year end when federal expenditures equal or exceed \$300,000 in any given fiscal year.	Any future fiscal years expending \$300,000 or more in federal expenditures	Carol Tomasko, Clerk/Treasurer



**Auditor of State  
Betty Montgomery**

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**VILLAGE OF VALLEY VIEW**

**CUYAHOGA COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MARCH 20, 2003**