

Valley View Local School District
Montgomery County, Ohio

Single Audit

July 1, 2009 through June 30, 2010
Fiscal Years Audited Under GAGAS: 2010



Balestra, Harr & Scherer, CPAs, Inc.

528 South West St, P.O. Box 687, Piketon, Ohio 45661 Phone: 740.289.4131 Fax: 740.289.3639



Dave Yost • Auditor of State

Board of Education
Valley View Local School District
64 Comstock Avenue
Germantown, Ohio 45327

We have reviewed the *Independent Auditor's Report* of the Valley View Local School District, Montgomery County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period July 1, 2009 through June 30, 2010. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

March 3, 2011

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Valley View Local School District
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Independent Auditor's Report

Members of the Board
Valley View Local School District
64 Comstock Avenue
Germantown, Ohio 45327

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Valley View Local School District, Montgomery County, (the District) as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

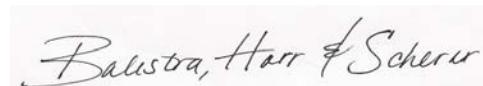
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Valley View Local School District, Montgomery County, Ohio, as of June 30, 2010, and the respective changes in financial position thereof, and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2010 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements. The accompanying Schedule of Receipts and Expenditures of federal Awards is presented for purposes of a additional analysis as required by t he U.S. Office of Management and Budget Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

As described in Note 3 to the basic financial statements, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 51, *Accounting and Reporting for Intangible Assets*, GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multi-Employer Plans* and GASB Statement No. 58, *Accounting and Financial Reporting for Chapter 9 Bankruptcies*.



Balestra, Harr & Scherer, CPAs, Inc.
December 16, 2010

**VALLEY VIEW LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

The management's discussion and analysis of the Valley View Local School District's ("the District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2010. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2010 are as follows:

- In total, net assets of governmental activities decreased \$1,348,020 which represents a 14.17% decrease from 2009.
- General revenues accounted for \$16,364,343 in revenue or 85.36% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$2,807,356 or 14.64% for total revenues of \$19,171,699.
- The District had \$20,519,719 in expenses related to governmental activities; only \$2,807,356 of these expenses was offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$16,364,343 were not adequate to provide for these programs.
- The District's major governmental funds are the general fund and permanent improvement fund. The general fund had \$16,080,778 in revenues and \$18,081,470 in expenditures and other financing uses. During fiscal year 2010, the general fund's fund balance decreased \$2,000,692 from \$6,170,119 to \$4,169,427.
- The permanent improvement fund had \$517,349 in revenues and \$169,235 in expenditures. During fiscal year 2010, the permanent improvement fund's balance increased to a balance of \$348,114.

Using the Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *statement of net assets* and *statement of activities* provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the District, the general fund and permanent improvement fund are by far the most significant funds, and the only governmental funds reported as a major funds.

**VALLEY VIEW LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Reporting the District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2010?" The statement of net assets and the statement of activities answer this question. These statements include *all assets, liabilities, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's *net assets* and changes in those assets. This change in net assets is important because it tells the reader that, for the District as a whole, the *financial position* of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the statement of net assets and the statement of activities, the governmental activities include the District's programs and services, including instruction, support services, operation of non-instructional services, extracurricular activities, latchkey and food service operations.

The District's statement of net assets and statement of activities can be found on pages 13 and 14 of this report.

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major governmental fund begins on page 9. Fund financial reports provide detailed information about the District's major fund. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's only major governmental funds are the general fund and the permanent improvement fund.

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* than can readily be converted to cash. The governmental fund financial statements provide a detailed *short-term* view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the statement of net assets and the statement of activities) and governmental *funds* is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 15 - 19 of this report.

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private-purpose trust fund. The District also acts in a trustee capacity as an agent for individuals. These activities are reported in an agency fund. All of the District's fiduciary activities are reported in separate statements of fiduciary net assets and changes in fiduciary net assets on pages 20 and 21. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

**VALLEY VIEW LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 22 - 49 of this report.

The District as a Whole

The statement of net assets provides the perspective of the District as a whole.

The table below provides a summary of the District's net assets at June 30, 2010 and June 30, 2009.

	Net Assets	
	Governmental Activities 2010	Governmental Activities 2009
<u>Assets</u>		
Current and other assets	\$ 12,996,663	\$ 13,507,842
Capital assets, net	<u>4,692,554</u>	<u>4,935,258</u>
Total assets	<u>17,689,217</u>	<u>18,443,100</u>
<u>Liabilities</u>		
Current liabilities	7,796,815	7,180,391
Long-term liabilities	<u>1,728,128</u>	<u>1,750,415</u>
Total liabilities	<u>9,524,943</u>	<u>8,930,806</u>
<u>Net Assets</u>		
Invested in capital assets, net of related debt	4,069,332	4,175,929
Restricted	746,238	116,703
Unrestricted	<u>3,348,704</u>	<u>5,219,662</u>
Total net assets	<u>\$ 8,164,274</u>	<u>\$ 9,512,294</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2010, the District's assets exceeded liabilities by \$8,164,274. At year-end, restricted net assets were \$746,238.

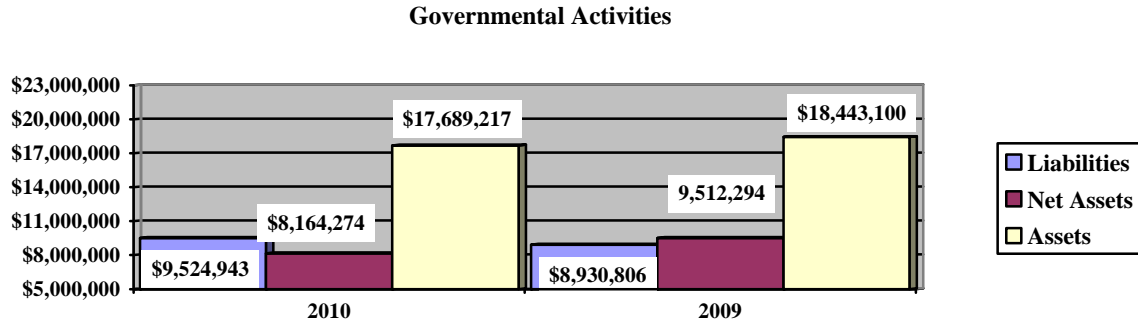
At year-end, capital assets represented 26.53% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture and equipment and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2010, were \$4,069,332. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

The remaining balance of unrestricted net assets of \$3,348,704 may be used to meet the District's ongoing obligations to the students and creditors.

**VALLEY VIEW LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

The graph below illustrates the governmental activities assets, liabilities and net assets at June 30, 2010 and 2009:



The table below shows the change in net assets for fiscal years 2010 and 2009.

Change in Net Assets

	Governmental Activities <u>2010</u>	Governmental Activities <u>2009</u>
<u>Revenues</u>		
Program revenues:		
Charges for services and sales	\$ 994,084	\$ 1,282,357
Operating grants and contributions	1,813,272	1,330,332
Capital grants and contributions	-	31,091
General revenues:		
Property taxes	4,866,929	4,941,432
School district income taxes	2,739,490	2,922,120
Grants and entitlements	8,506,403	8,505,044
Investment earnings	163,855	401,825
Other	87,666	38,644
Total revenues	<u>\$ 19,171,699</u>	<u>\$ 19,452,845</u>

**VALLEY VIEW LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	Change in Net Assets	
	Governmental Activities	Governmental Activities
	<u>2010</u>	<u>2009</u>
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	\$ 8,505,835	\$ 8,474,869
Special	1,563,096	1,616,243
Vocational	426,363	354,817
Other	563,912	434,813
Support services:		
Pupil	1,049,073	1,016,356
Instructional staff	1,455,411	1,312,649
Board of education	29,685	25,976
Administration	1,518,344	1,428,187
Fiscal	338,797	326,399
Business	23,044	13,261
Operations and maintenance	1,883,174	1,814,964
Pupil transportation	1,027,796	1,098,454
Central	597,892	387,191
Extracurricular activities	693,505	603,416
Food service operations	727,268	718,153
Latchkey operations	65,773	91,061
Interest and fiscal charges	<u>50,751</u>	<u>60,493</u>
Total expenses	<u>20,519,719</u>	<u>19,777,302</u>
Change in net assets	(1,348,020)	(324,457)
Net assets at beginning of year	<u>9,512,294</u>	<u>9,836,751</u>
Net assets at end of year	<u>\$ 8,164,274</u>	<u>\$ 9,512,294</u>

Governmental Activities

Net assets of the District's governmental activities decreased \$1,348,020. Total governmental expenses of \$20,519,719 were offset by program revenues of \$2,807,356 and general revenues of \$16,364,343. Program revenues supported 13.68% of the total governmental expenses.

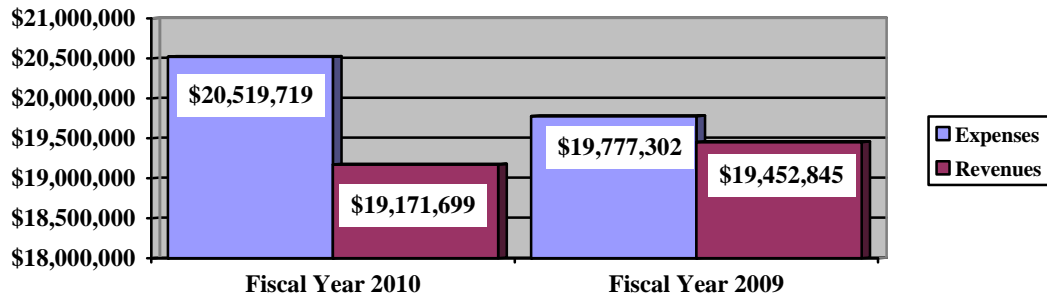
The primary sources of revenue for governmental activities are derived from property taxes, a school district income tax, and unrestricted grants and entitlements. These revenue sources represent 84.04% of total governmental revenue. Real estate property is reappraised every six years and the school district income tax rate is 1.25%.

**VALLEY VIEW LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

The graph below presents the District's governmental activities revenue and expenses for fiscal year 2010 and 2009.

Governmental Activities - Revenues and Expenses



The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

Governmental Activities

	Total Cost of Services <u>2010</u>	Net Cost of Services <u>2010</u>	Total Cost of Services <u>2009</u>	Net Cost of Services <u>2009</u>
Program expenses				
Instruction:				
Regular	\$ 8,505,835	\$ 8,208,495	\$ 8,474,869	\$ 8,142,709
Special	1,563,096	850,265	1,616,243	745,482
Vocational	426,363	354,844	354,817	274,064
Other	563,912	542,747	434,813	434,813
Support services:				
Pupil	1,049,073	931,349	1,016,356	898,124
Instructional staff	1,455,411	1,367,739	1,312,649	1,238,200
Board of education	29,685	29,685	25,976	25,976
Administration	1,518,344	1,402,470	1,428,187	1,420,388
Fiscal	338,797	334,579	326,399	326,399
Business	23,044	21,885	13,261	13,261
Operations and maintenance	1,883,174	1,867,324	1,814,964	1,809,468
Pupil transportation	1,027,796	669,788	1,098,454	1,024,888
Central	597,892	583,747	387,191	367,760
Extracurricular activities	693,505	465,883	603,416	317,367
Food service operations	727,268	30,895	718,153	31,017
Latchkey operations	65,773	(83)	91,061	3,113
Interest and fiscal charges	50,751	50,751	60,493	60,493
Total expenses	<u>\$ 20,519,719</u>	<u>\$ 17,712,363</u>	<u>\$ 19,777,302</u>	<u>\$ 17,133,522</u>

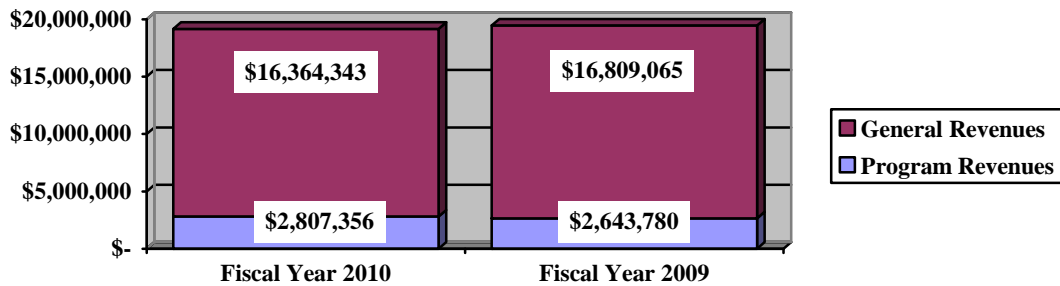
**VALLEY VIEW LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

The dependence upon tax and other general revenues for governmental activities is apparent, 90.02% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 86.32%. The District's taxpayers and unrestricted grants and entitlements are by far the primary support for District's students.

The graph below presents the District's governmental activities revenue for fiscal years 2010 and 2009.

Governmental Activities - General and Program Revenues



The District's Funds

The District's governmental funds (as presented on page 15) reported a combined fund balance of \$4,614,747, which is lower than last year's total of \$6,098,512. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2010 and 2009.

	Fund Balance June 30, 2010	Fund Balance (deficit) June 30, 2009	Increase/ (Decrease)
General	\$ 4,169,427	\$ 6,170,119	\$ (2,000,692)
Permanent improvement	348,114	-	348,114
Other Governmental	<u>97,206</u>	<u>(71,607)</u>	<u>168,813</u>
Total	<u>\$ 4,614,747</u>	<u>\$ 6,098,512</u>	<u>\$ (1,483,765)</u>

An analysis of the general fund revenues and expenditures is provided in the section below. The increase in the fund balances of the other governmental funds is primarily due to American Recovery and Reinvestment Act (ARRA) grant money received in nonmajor governmental funds.

General Fund

The District's general fund's fund balance decreased \$2,000,692.

The table that follows assists in illustrating the financial activities and fund balance of the general fund.

**VALLEY VIEW LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>2010 Amount</u>	<u>2009 Amount</u>	<u>Increase/ (Decrease)</u>	<u>Percentage Change</u>
<u>Revenues</u>				
Taxes	\$ 6,940,606	\$ 7,859,373	\$ (918,767)	(11.69) %
Tuition	107,990	109,333	(1,343)	(1.23) %
Earnings on investments	162,172	406,278	(244,106)	(60.08) %
Intergovernmental	8,619,252	9,075,823	(456,571)	(5.03) %
Other revenues	<u>250,758</u>	<u>209,934</u>	<u>40,824</u>	19.45 %
Total	<u>\$ 16,080,778</u>	<u>\$ 17,660,741</u>	<u>\$ (1,579,963)</u>	(8.95) %
<u>Expenditures</u>				
Instruction	\$ 10,199,061	\$ 10,095,204	\$ 103,857	1.03 %
Support services	7,085,969	7,323,803	(237,834)	(3.25) %
Extracurricular activities	440,924	431,586	9,338	2.16 %
Facilities acquisition and construction	90,598	410	90,188	21,997.07 %
Capital outlay	-	4,629	(4,629)	(100.00) %
Debt Service	<u>186,858</u>	<u>185,364</u>	<u>1,494</u>	0.81 %
Total	<u>\$ 18,003,410</u>	<u>\$ 18,040,996</u>	<u>\$ (37,586)</u>	(0.21) %

Revenues of the general fund decreased \$1,579,963 or 8.95%. The most significant decreases were in the areas of tax, intergovernmental and earnings on investments. Tax revenue decreased \$918,767 or 11.69%. Effective January 1, 2010, the Board moved inside millage of 3.8 mills to the permanent improvement fund. Also, the District is currently at the 20 mill floor and real estate values within the County have decreased. Income taxes have also decreased roughly \$200,000 due to the state of the economy. Intergovernmental revenue decreased \$456,571 or 5.03%. The Ohio Department of Education removed a portion of state foundation payment and supplanted it with federal monies in the form of State Fiscal Stabilization Funds. These supplanted funds had previously been receipted directly into the general fund. The decrease of \$244,106 in earnings on investments is the result of decreased interest rates earned on investments.

Expenditures of the general fund decreased \$37,586 or 0.21%. The most significant decrease was in support service expenditures which decreased \$237,834 or 3.25%. The largest decrease was in the area of pupil transportation. This decrease is the result of more pupil transportation expenditures being spent out nonmajor governmental funds related to the ARRA grants.

General Fund Budgeting Highlights

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the general fund.

During the course of fiscal year 2010, the District amended its general fund budget numerous times. For the general fund, actual revenues and final budgeted revenues and other financing sources were \$16,403,277 and \$16,403,274, respectively, which is lower than the original budgeted revenues and other financing sources estimate of \$16,833,968.

General fund original appropriations (appropriated expenditures plus other financing uses) of \$19,170,590 were decreased to \$18,398,468 in the final budget. The actual budget basis expenditures and other financing uses for fiscal year 2010 were \$18,398,771.

**VALLEY VIEW LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2010, the District had \$4,692,554 invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment, and vehicles. This entire amount is reported in governmental activities.

The following table shows June 30, 2010 balances compared to June 30, 2009:

	Capital Assets at June 30	
	(Net of Depreciation)	
	<u>Governmental Activities</u>	
	<u>2010</u>	<u>2009</u>
Land	\$ 450,390	\$ 436,936
Construction in progress	29,400	-
Land improvements	885,759	921,667
Building and improvements	2,363,417	2,397,198
Furniture and equipment	511,743	624,822
Vehicles	<u>451,845</u>	<u>554,635</u>
Total	<u>\$ 4,692,554</u>	<u>\$ 4,935,258</u>

Total additions to capital assets for 2010 were \$184,217. The District recorded \$426,921 in depreciation expense for fiscal year 2010.

Refer to Note 9 in the basic financial statements for further detail on the District's capital assets.

Debt Administration

At June 30, 2010, the District had \$627,851 in general obligation bonds and capital leases outstanding. Of this total, \$147,050 is due within one year and \$480,801 is due in greater than one year.

The following table summarizes the bonds and capital leases outstanding.

	Outstanding Debt, at Year End	
	Governmental	Governmental
	Activities	Activities
	<u>2010</u>	<u>2009</u>
General obligation bonds	\$ 72,350	\$ 84,066
Capital leases	<u>555,501</u>	<u>679,892</u>
Total	<u>\$ 627,851</u>	<u>\$ 763,958</u>

The general obligation bonds are scheduled to mature in fiscal year 2015 and bear an interest rate of 6.90%. Payment of principal and interest on the general obligation bonds are being made from the general fund.

See Note 11 to the basic financial statements for further detail on the District's debt administration.

**VALLEY VIEW LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Current Financial Related Activities

The District continued to provide excellent services to our students, parents and community in fiscal year 2010 while spending less than the average Ohio school district. The Board of Education and management team have carefully managed general fund budgets in order to minimize the need for additional local support. An Emergency Levy of an additional 5.25 mil was approved in August, 2004 which expired December 2009. The prudent management of District funds had allowed the District to fund student achievement without levying additional taxes to the local community for over nine years.

The District demonstrated continued success in fiscal year 2010 as indicated by the "excellent with distinction" designation of our District on the Ohio Department of Education district report card. We maintained our excellent with distinction rating with a combination of performance indicators (25 out of 26) and the performance index score (100.6). The District was able to provide the services necessary to obtain the student achievement while spending less per pupil than the average Ohio school district.

The District has a low industry base and relies heavily on residential support for local funding. The District operated at the 20 mill floor in fiscal year 2010, effectively collecting only 20 mills of property taxes on a total millage rate of 38.66 mills. The District also relies on two school district income tax levies that total 1.25%. A five-year .75% income tax levy was renewed in the May 2010 primary election for calendar years 2011-2015 and a five-year .50% income tax levy was renewed in May, 2006 for calendar years 2007-2011. The District plans to put the renewal of this levy on the May 2011 ballot. The passage of the .50% income tax renewal levy in 2006 was critical to the continued successful operations of the District.

The District relies significantly on funding from the State of Ohio due to the low local valuation of primarily residential development. The primary source of state funding is the state foundation program, which funded the District at a state funding share of 52.20% in fiscal year 2010. The District suffered losses due to several legislative actions, including HB 95 that reduced revenue for fiscal year 2005 and beyond and HB 66, which overhauled the business taxation system for the State beginning July 1, 2005 and initiated the phase out of the collection of tangible personal property taxes for the district. Due to HB 66, the District was slated to receive no revenue growth for the next two years based on the state's projected enrollment for the District. The District is anticipating no revenue growth from the state foundation program due to the decline of the economy and the financial situation of the State in the upcoming second year of the biennial budget for fiscal year 2011. Federal funding increased in fiscal year 2010 because of the federal stimulus act. The future of both State and Federal funding has been difficult to predict and the future of both is unknown.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Ms. Carolyn Garver, Treasurer, Valley View Local School District, 64 Comstock Ave., Germantown, Ohio 45327.

**VALLEY VIEW LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

STATEMENT OF NET ASSETS
JUNE 30, 2010

	Governmental Activities
Assets:	
Equity in pooled cash and investments.	\$ 6,210,893
Receivables:	
Property taxes	5,480,298
Income taxes.	984,702
Accounts.	47,856
Accrued interest	26,033
Intergovernmental	222,066
Loans receivable	2,377
Prepayments	17,702
Materials and supplies inventory.	4,736
Capital assets:	
Land and construction in progress.	479,790
Depreciable capital assets, net.	4,212,764
Capital assets, net.	4,692,554
 Total assets.	 17,689,217
 Liabilities:	
Accounts payable.	216,868
Contracts payable.	22,250
Accrued wages and benefits	1,794,248
Pension obligation payable.	512,690
Intergovernmental payable	167,854
Unearned revenue	5,082,905
Long-term liabilities:	
Due within one year.	283,415
Due in more than one year	1,444,713
 Total liabilities	 9,524,943
 Net Assets:	
Invested in capital assets, net of related debt.	4,069,332
Restricted for:	
Capital projects	391,005
Locally funded programs	34,850
Federally funded programs	243,819
Public school support	10,220
Student activities	21,793
Other purposes	44,551
Unrestricted	3,348,704
 Total net assets	 \$ 8,164,274

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**VALLEY VIEW LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets Governmental Activities
		Charges for Services and Sales	Operating Grants and Contributions	
Governmental activities:				
Instruction:				
Regular	\$ 8,505,835	\$ 172,475	\$ 124,865	\$ (8,208,495)
Special	1,563,096	23,778	689,053	(850,265)
Vocational	426,363	-	71,519	(354,844)
Other	563,912	-	21,165	(542,747)
Support services:				
Pupil	1,049,073	79,359	38,365	(931,349)
Instructional staff	1,455,411	-	87,672	(1,367,739)
Board of education	29,685	-	-	(29,685)
Administration	1,518,344	5,528	110,346	(1,402,470)
Fiscal	338,797	-	4,218	(334,579)
Business	23,044	-	1,159	(21,885)
Operations and maintenance	1,883,174	15,850	-	(1,867,324)
Pupil transportation	1,027,796	-	358,008	(669,788)
Central	597,892	-	14,145	(583,747)
Food service operations	727,268	496,909	199,464	(30,895)
Extracurricular activities	693,505	200,185	27,437	(465,883)
Latchkey operations	65,773	-	65,856	83
Interest and fiscal charges	50,751	-	-	(50,751)
Total governmental activities	\$ 20,519,719	\$ 994,084	\$ 1,813,272	(17,712,363)
General Revenues:				
Property taxes levied for:				
General purposes				4,312,210
Capital projects				554,719
Income taxes levied for:				
General purposes				2,739,490
Grants and entitlements not restricted to specific programs				
				8,506,403
Investment earnings				163,855
Miscellaneous				87,666
Total general revenues				16,364,343
Change in net assets				(1,348,020)
Net assets at beginning of year				9,512,294
Net assets at end of year				\$ 8,164,274

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**VALLEY VIEW LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010

	<u>General</u>	<u>Permanent Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Equity in pooled cash and investments.	\$ 5,546,391	\$ 357,528	\$ 306,361	\$ 6,210,280
Receivables:				
Property taxes.	4,622,197	858,101	-	5,480,298
Income taxes	984,702	-	-	984,702
Accounts.	47,731	-	125	47,856
Accrued interest	24,262	1,581	190	26,033
Interfund loans.	24,524	-	-	24,524
Intergovernmental	-	-	222,066	222,066
Loans receivable	2,377	-	-	2,377
Prepayments.	16,288	1,414	-	17,702
Materials and supplies inventory.	-	-	4,736	4,736
Restricted assets:				
Equity in pooled cash and cash equivalents	613	-	-	613
Total assets	<u>\$ 11,269,085</u>	<u>\$ 1,218,624</u>	<u>\$ 533,478</u>	<u>\$ 13,021,187</u>
Liabilities:				
Accounts payable	\$ 213,418	\$ -	\$ 3,450	\$ 216,868
Contracts payable.	-	22,250	-	22,250
Accrued wages and benefits.	1,680,858	-	113,390	1,794,248
Compensated absences payable	21,429	-	98,217	119,646
Interfund loans payable.	-	-	24,524	24,524
Intergovernmental payable	161,813	542	5,499	167,854
Unearned revenue.	4,288,188	794,717	-	5,082,905
Deferred revenue	283,768	42,891	138,796	465,455
Pension obligation payable	450,184	10,110	52,396	512,690
Total liabilities.	<u>7,099,658</u>	<u>870,510</u>	<u>436,272</u>	<u>8,406,440</u>
Fund Balances:				
Reserved for encumbrances	44,519	163,740	16,610	224,869
Reserved for materials and supplies inventory	-	-	4,736	4,736
Reserved for prepayments.	16,288	1,414	-	17,702
Reserved for tax revenue				
unavailable for appropriation	113,638	21,514	-	135,152
Reserved for unclaimed monies	9,063	-	-	9,063
Reserved for school bus purchases	613	-	-	613
Unreserved, undesignated, reported in:				
General fund.	3,985,306	-	-	3,985,306
Special revenue funds	-	-	75,860	75,860
Capital projects fund	-	161,446	-	161,446
Total fund balances	<u>4,169,427</u>	<u>348,114</u>	<u>97,206</u>	<u>4,614,747</u>
Total liabilities and fund balances	<u>\$ 11,269,085</u>	<u>\$ 1,218,624</u>	<u>\$ 533,478</u>	<u>\$ 13,021,187</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**VALLEY VIEW LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2010

Total governmental fund balances		\$	4,614,747
<i>Amounts reported for governmental activities on the statement of net assets are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			4,692,554
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.			
Property taxes receivable	\$	262,241	
Accounts receivable		47,731	
Accrued interest receivable		16,810	
Intergovernmental receivable		<u>138,673</u>	
Total			465,455
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
General obligation bonds		(72,350)	
Capital lease obligations		(555,501)	
Compensated absences payable		<u>(980,631)</u>	
Total			<u>(1,608,482)</u>
Net assets of governmental activities		<u>\$</u>	<u>8,164,274</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**VALLEY VIEW LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>General</u>	<u>Permanent Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
From local sources:				
Property taxes	\$ 4,201,116	\$ 512,849	\$ -	\$ 4,713,965
Income taxes	2,739,490	-	-	2,739,490
Tuition	107,990	-	-	107,990
Earnings on investments	162,172	4,500	2,313	168,985
Charges for services	-	-	496,909	496,909
Extracurricular	38,235	-	246,837	285,072
Classroom materials and fees	109,007	-	-	109,007
Rental income	15,850	-	-	15,850
Contributions and donations	-	-	26,526	26,526
Other local revenues	87,666	-	80,090	167,756
Intergovernmental - state	8,619,252	-	38,619	8,657,871
Intergovernmental - federal	-	-	1,414,079	1,414,079
Total revenues	<u>16,080,778</u>	<u>517,349</u>	<u>2,305,373</u>	<u>18,903,500</u>
Expenditures:				
Current:				
Instruction:				
Regular	8,132,532	-	125,724	8,258,256
Special	1,105,324	-	490,599	1,595,923
Vocational	415,276	-	-	415,276
Other	545,929	-	17,983	563,912
Support services:				
Pupil	922,872	-	116,750	1,039,622
Instructional staff	1,382,785	-	61,746	1,444,531
Board of education	29,685	-	-	29,685
Administration	1,408,028	4,608	99,690	1,512,326
Fiscal	327,933	-	3,232	331,165
Business	23,044	-	-	23,044
Operations and maintenance	1,811,363	121,634	990	1,933,987
Pupil transportation	876,310	42,993	-	919,303
Central	303,949	-	329,347	633,296
Food service operations	-	-	709,218	709,218
Latchkey operations	-	-	65,773	65,773
Extracurricular activities	440,924	-	195,824	636,748
Facilities acquisition and construction	90,598	-	-	90,598
Debt service:				
Principal retirement	136,107	-	-	136,107
Interest and fiscal charges	50,751	-	-	50,751
Total expenditures	<u>18,003,410</u>	<u>169,235</u>	<u>2,216,876</u>	<u>20,389,521</u>
Excess/deficiency of revenues over/under expenditures	(1,922,632)	348,114	88,497	(1,486,021)
Other financing sources (uses):				
Sale of assets	-	-	470	470
Transfers in	-	-	78,060	78,060
Transfers (out)	(78,060)	-	-	(78,060)
Total other financing sources (uses)	<u>(78,060)</u>	<u>-</u>	<u>78,530</u>	<u>470</u>
Net change in fund balances	(2,000,692)	348,114	167,027	(1,485,551)
Fund balances (deficit) at beginning of year .	6,170,119	-	(71,607)	6,098,512
Increase in reserve for inventory	-	-	1,786	1,786
Fund balances at end of year	<u>\$ 4,169,427</u>	<u>\$ 348,114</u>	<u>\$ 97,206</u>	<u>\$ 4,614,747</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**VALLEY VIEW LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Net change in fund balances - total governmental funds \$ (1,485,551)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current period.

Capital asset additions	\$	184,217	
Current year depreciation		(426,921)	
Total			(242,704)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes		152,964	
Classroom materials and fees		(20,744)	
Intergovernmental		138,673	
Earnings on investments		(2,694)	
Total			268,199

Repayments of bonds and capital lease obligations are expenditures in the governmental funds, but these repayments reduce long-term liabilities on the statement of net assets.

136,107

Governmental funds report expenditures for inventory when purchased, however, in the statement of activities, they are reported as expenses when consumed.

1,786

Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

(25,857)

Change in net assets of governmental activities \$ (1,348,020)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**VALLEY VIEW LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
From local sources:				
Property taxes	\$ 4,523,853	\$ 4,407,532	\$ 4,407,535	\$ 3
Income taxes	2,822,421	2,749,849	2,749,849	-
Tuition	110,840	107,990	107,990	-
Earnings on investments	173,346	168,889	168,889	-
Extracurricular	39,244	38,235	38,235	-
Classroom materials and fees	111,884	109,007	109,007	-
Rental income	16,268	15,850	15,850	-
Other local revenues	89,356	87,666	87,666	-
Intergovernmental - state	8,846,726	8,619,253	8,619,253	-
Total revenues	<u>16,733,938</u>	<u>16,304,271</u>	<u>16,304,274</u>	<u>3</u>
Expenditures:				
Current:				
Instruction:				
Regular	8,548,281	8,416,685	8,416,788	(103)
Special	1,076,585	1,112,674	1,112,874	(200)
Vocational	427,691	421,712	421,712	-
Other	490,215	544,329	544,329	-
Support services:				
Pupil	1,010,676	926,050	926,050	-
Instructional staff	1,389,063	1,298,516	1,298,516	-
Board of education	32,650	29,679	29,679	-
Administration	1,521,881	1,380,291	1,380,291	-
Fiscal	371,334	335,101	335,101	-
Business	15,125	21,954	21,954	-
Operations and maintenance	2,093,047	1,925,279	1,925,279	-
Pupil transportation	1,214,227	959,995	959,995	-
Central	342,900	278,299	278,299	-
Extracurricular activities	460,475	439,590	439,590	-
Facilities acquisition and construction	58,500	102,702	102,702	-
Debt service:				
Principal	73,225	73,226	73,226	-
Interest and fiscal charges	33,965	33,925	33,925	-
Total expenditures	<u>19,159,840</u>	<u>18,300,007</u>	<u>18,300,310</u>	<u>(303)</u>
Excess of expenditures over revenues	<u>(2,425,902)</u>	<u>(1,995,736)</u>	<u>(1,996,036)</u>	<u>(300)</u>
Other financing sources (uses):				
Refund of prior year's expenditures	20,000	18,973	18,973	-
Transfers (out)	(10,750)	(78,060)	(78,060)	-
Advances in	80,030	80,030	80,030	-
Advances (out)	-	(20,401)	(20,401)	-
Total other financing sources (uses)	<u>89,280</u>	<u>542</u>	<u>542</u>	<u>-</u>
Net change in fund balance	(2,336,622)	(1,995,194)	(1,995,494)	(300)
Fund balance at beginning of year	6,958,195	6,958,195	6,958,195	-
Prior year encumbrances appropriated	371,212	371,212	371,212	-
Fund balance at end of year	<u>\$ 4,992,785</u>	<u>\$ 5,334,213</u>	<u>\$ 5,333,913</u>	<u>\$ (300)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**VALLEY VIEW LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2010

	<u>Private-Purpose Trust</u>	
	<u>Scholarship</u>	<u>Agency</u>
Assets:		
Equity in pooled cash and investments	\$ 1,203,099	\$ 57,899
Receivables:		
Accrued interest.	6,031	13
Total assets.	<u>1,209,130</u>	<u>\$ 57,912</u>
Liabilities:		
Accounts payable.	-	\$ 391
Due to students.	-	55,144
Loans payable	-	2,377
Total liabilities	<u>-</u>	<u>\$ 57,912</u>
Net assets:		
Held in trust for scholarships:		
Nonexpendable	1,123,704	
Expendable	85,426	
Total net assets	<u>\$ 1,209,130</u>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**VALLEY VIEW LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

		<u>Private-Purpose Trust</u>
		<u>Scholarship</u>
Additions:		
Interest	\$	27,874
Gifts and contributions		2,351
Total additions		<u>30,225</u>
Deductions:		
Scholarships awarded		<u>42,750</u>
Change in net assets		(12,525)
Net assets at beginning of year		<u>1,221,655</u>
Net assets at end of year	\$	<u>1,209,130</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**VALLEY VIEW LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 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 269th largest by enrollment among the 905 public school districts and community schools in the State. It currently operates 2 elementary schools, 1 middle school, and 1 comprehensive high school. The District employs 107 non-certified and 146 certified employees to provide services to 1,942 students in grades K through 12 and various community groups.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (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 also applies Financial Accounting Standards Board (FASB) guidance issued on or before November 30, 1989, to its governmental activities provided it does not conflict with or contradict GASB pronouncements. The District's significant accounting policies are described below.

A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units". The reporting entity is composed of the primary government and component units. 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; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) 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. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary governments financial statements incomplete or misleading. Based upon the application of these criteria, the District has no component units. The basic financial statements of the reporting entity include only those of the District (the primary government).

**VALLEY VIEW LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The following organizations are described due to their relationship to the District:

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 Gossett, Treasurer, at 200 Lau Parkway, Clayton, Ohio 45315.

Southwestern Ohio Educational Purchasing Council (SOEPC)

SOEPC is a purchasing cooperative made up of nearly 100 school districts in Montgomery and surrounding counties. The Montgomery County Educational Service Center acts as fiscal agent for the group. 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 Ken Swink, Director, at 303 Corporate Center Drive, Suite 208, Vandalia, Ohio 45377.

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. Financial information is available from Jerry C. Woodyard, Executive Director, at 225 Linwood Street, Dayton, Ohio 45405.

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 2010.

**VALLEY VIEW LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

INSURANCE PURCHASING POOL

Ohio Association of School Business Officials Workers' Compensation Group Rating Plan

The District participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio Association of School Business Officials Workers' Compensation Group Rating Plan (the Plan) was established through the Ohio Association of School Business Officials (OASBO) as a group purchasing pool.

The Executive Director of the OASBO, or his designee, serves as coordinator of the Plan. Each year, the participating school district pays an enrollment fee to the Plan to cover the costs of administering the program.

B. Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major governmental funds:

General fund - The general fund is used to account for all financial resources except those required to be accounted for in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

Permanent improvement fund - The permanent improvement fund is used to account for taxes levied for the replacement and updating of equipment and facilities essential for the instruction of students.

Other governmental funds of the District are used to account for (a) food service, latchkey and uniform school supplies operations; (b) grants and other resources whose use is restricted to a particular purpose; and (c) scholarship programs for students.

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. The District has no proprietary funds.

**VALLEY VIEW LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The District's only trust fund is a private-purpose trust which accounts for a scholarship program for students.

Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's agency fund accounts for student activities.

C. Basis of Presentation and Measurement Focus

Government-wide Financial Statements - The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the District. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the District.

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the District are included on the statement of net assets.

Fund Financial Statements - Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column, and all nonmajor funds are aggregated into one column. Fiduciary funds are reported by fund type.

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The private-purpose trust fund is reported using the economic resources measurement focus. Agency funds do not report a measurement focus as they do not report operations.

**VALLEY VIEW LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting.

Revenues - Exchange and Nonexchange Transactions - Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of fiscal year end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6). Revenue from income taxes is recognized in the fiscal year in which the underlying exchange transaction occurred (See Note 7). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes available as an advance, income taxes, interest, tuition, grants, student fees and rentals.

Unearned Revenue and Deferred Revenue - Unearned revenue and deferred revenue arise when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2010, but which were levied to finance fiscal year 2011 operations, and other revenues received in advance of the fiscal year for which they are intended to finance, have been recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met are recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have been reported as deferred revenue.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities received during the year is reported in the fund financial statements as an expenditure with a like amount reported as intergovernmental revenue.

**VALLEY VIEW LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

E. 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 appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control has been established at the fund level of expenditures for all funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

Tax Budget:

Prior to January 15, 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 purpose of this budget document is to reflect the need for existing (or increased) tax rates. By no later than January 20, the Board-adopted budget is filed with Montgomery County Budget Commission for rate determination.

Estimated Resources:

By 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 July 1, 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 the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. 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 statements reflect the amounts from the certificate of estimated resources that was in effect at the time the original and final appropriations were passed by the Board of Education.

Appropriations:

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution is enacted by the Board of Education. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the District. The appropriation resolution, at the fund level for all funds, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures may not exceed the appropriation totals at any level of control. Any revisions that alter the level of budgetary control must be approved by the Board of Education.

**VALLEY VIEW LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, all supplemental appropriations were legally enacted.

Although the legal level of budgetary control was established at the fund level of expenditures, the budgetary statements present comparisons at the fund and function level of expenditures as elected by the District Treasurer.

The appropriation resolution is subject to amendment by the Board throughout the year with the restriction that appropriations may not exceed estimated revenues. The amounts reported as the original budget amounts reflect the first appropriation for that fund covered the entire fiscal year, including amounts automatically carried over from prior year. The amounts reported as the final budgeted amounts represent the original and final appropriation amounts passed by the Board during the year.

Lapsing of Appropriations:

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not reappropriated.

F. Cash and Investments

To improve cash management, cash received by the District is pooled in a central bank account. Monies for all 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 investments" on the basic financial statements.

During fiscal year 2010, investments were limited to negotiable and nonnegotiable certificates of deposits and federal agency securities. Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts, such as nonnegotiable certificates of deposit, are reported at cost.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. 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 year 2010 amounted to \$162,172 which includes \$7,872 assigned from other District funds.

For presentation on the basic financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

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

**VALLEY VIEW LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

G. Inventory

On government-wide and fund financial statements, purchased inventories are presented at the lower of cost or market and donated commodities are presented at their entitlement value. Inventories are recorded on a first-in, first-out basis and are expensed when received. Inventories are accounted for using the purchase method on the fund statements and using the consumption method on the government-wide statements.

On the fund financial statements, reported material and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

Inventory consists of expendable supplies held for consumption, donated food and purchased food.

H. Prepayments

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are reported as assets on the balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed.

I. Capital Assets

General capital assets are those assets specifically related to governmental activities. These assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets, but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and deductions during the year. Donated capital assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$5,000. The District does not possess any infrastructure. Improvements are capitalized; 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.

All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Land improvements	7 - 30 years
Buildings and improvements	7 - 40 years
Furniture and equipment	5 - 30 years
Vehicles	7 - 15 years

**VALLEY VIEW LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

J. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund receivables/payables”. These amounts are eliminated in the governmental activities column on the statement of net assets.

K. 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 is attributable to services already rendered and is 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. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. A liability for sick leave 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 fifty or greater with at least ten years of service and all employees with at least 15 years of service regardless of their age were considered expected to become eligible in accordance with GASB Statement No. 16.

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.

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements.

L. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, compensated absences and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized on the fund financial statements when due.

**VALLEY VIEW LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

M. Fund Balance Reserves

The District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, materials and supplies inventory, prepayments, property tax unavailable for appropriation, unclaimed monies, and school bus purchases. The reserve for property taxes unavailable for appropriation represents taxes recognized as revenue under GAAP, but not available for appropriation under State statute.

N. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The amount restricted for other purposes represents amounts restricted for unclaimed monies, underground storage tanks, school bus purchases and the special trust fund (a nonmajor governmental fund).

The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

O. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents set-aside to establish a school bus purchase reserve. These reserves are required by State statute. A schedule of statutory reserves is presented in Note 18.

P. Estimates

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

Q. Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the basic financial statements.

**VALLEY VIEW LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2010.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2010, the District has implemented GASB Statement No. 51, "Accounting and Financial Reporting for Intangible Assets", GASB Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments", and GASB Statement No. 58, "Accounting and Financial Reporting for Chapter 9 Bankruptcies".

GASB Statement No. 51 addresses accounting and financial reporting standards for intangible assets, which are assets that lack physical substance, are nonfinancial in nature, and have an initial useful life extending beyond a single reporting period. Examples of intangible assets include easements, water rights, computer software, patents, and trademarks. GASB Statement No. 51 improves the quality of financial reporting by creating consistency in the recognition, initial measurement, and amortization of intangible assets. The implementation of GASB Statement No. 51 did not have an effect on the financial statements of the District.

GASB Statement No. 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. Derivative instruments are financial arrangements used by governments to manage specific risks or to make investments. Common types of derivative instruments include interest rate and commodity swaps, interest rate locks, options, swaptions, forward contracts, and futures contracts. The implementation of GASB Statement No. 53 did not have an effect on the financial statements of the District.

GASB Statement No. 58 establishes accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. GASB Statement No. 58 requires governments to remeasure liabilities that are adjusted in bankruptcy when the bankruptcy court confirms a new payment plan. The implementation of GASB Statement No. 58 did not have an effect on the financial statements of the District.

**VALLEY VIEW LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

B. Deficit Fund Balances

Fund balances at June 30, 2010 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
Food service	\$ 82,524
Latchkey operations	14,601
Management information systems	331
Miscellaneous State grants	3,455
Improving teacher quality	8,644

The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances in the food service, latchkey operations, management information systems and miscellaneous State grants funds are the result of adjustments for accrued liabilities. The deficit fund balances in the improving teacher quality funds are a result of both adjustments for accrued liabilities and the recording of advances as short-term interfund loans rather than other financing sources.

NOTE 4 - DEPOSITS 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.

Inactive deposits are public deposits that the Board of Education has identified as not required for use within the current five 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 or deposit accounts including passbook accounts.

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;

**VALLEY VIEW LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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 two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above 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 (State Treasury Asset Reserve of Ohio (STAR Ohio));
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), 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 monies deposited with the institution.

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, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

A. Deposits with Financial Institutions

At June 30, 2010, the carrying amount of all District deposits was \$2,186,029. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2010, \$1,874,560 of the District's bank balance of \$2,357,386 was exposed to custodial risk as discussed below, while \$482,826 was covered by the FDIC.

**VALLEY VIEW LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Custodial credit risk is the risk that, in the event of bank failure, the District's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

B. Investments

As of June 30, 2010, the District had the following investments and maturities:

<u>Investment type</u>	<u>Fair Value</u>	<u>6 months or less</u>	<u>7 to 12 months</u>	<u>13 to 18 months</u>	<u>19 to 24 months</u>	<u>Greater than 24 months</u>
FHLMC	\$ 3,624,117	\$ 783,091	\$ -	\$ -	\$ 1,002,800	\$ 1,838,226
FNMA	452,889	-	-	-	-	452,889
Negotiable cd's	<u>1,208,856</u>	<u>100,254</u>	<u>401,413</u>	<u>403,893</u>	<u>101,490</u>	<u>201,806</u>
Total	<u>\$ 5,285,862</u>	<u>\$ 883,345</u>	<u>\$ 401,413</u>	<u>\$ 403,893</u>	<u>\$ 1,104,290</u>	<u>\$ 2,492,921</u>

The weighted average maturity of investments is 2.38 years.

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the District's investment policy limits investment portfolio maturities to five years or less.

Credit Risk: The District's investments were rated AAA and Aaa by Standard & Poor's and Moody's Investor Services, respectively.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The federal agency securities are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent but not in the District's name. The District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

**VALLEY VIEW LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Concentration of Credit Risk: The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2010:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
FHLMC	\$ 3,624,117	68.56
FNMA	452,889	8.57
Negotiable cd's	<u>1,208,856</u>	<u>22.87</u>
Total	<u>\$ 5,285,862</u>	<u>100.00</u>

D. Reconciliation of cash and investment to the statement of net assets

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net assets as of June 30, 2010:

<u>Cash and investments per note</u>		
Carrying amount of deposits	\$ 2,186,029	
Investments		<u>5,285,862</u>
Total		<u>\$ 7,471,891</u>
<u>Cash and investments per statement of net assets</u>		
Governmental activities	\$ 6,210,893	
Private-purpose trust funds		1,203,099
Agency funds		<u>57,899</u>
Total		<u>\$ 7,471,891</u>

NOTE 5 - INTERFUND TRANSACTIONS

- A.** Interfund loans receivable/payable consisted of the following at June 30, 2010, as reported on the fund statements:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General fund	Nonmajor governmental funds	\$ 24,524
General fund	Agency fund	<u>2,377</u>
Total interfund loans receivable/payable		<u>\$ 26,901</u>

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received.

Interfund loans between governmental funds are eliminated for reporting in the statement of net assets.

**VALLEY VIEW LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

Interfund loans between governmental funds and agency funds appear as “loans receivable/payable” on the statement of net assets, the balance sheet and the statement of fiduciary net assets.

- B.** Interfund transfers for the year ended June 30, 2010, consisted of the following, as reported on the fund statements:

Transfers from general fund to:	<u>Amount</u>
Nonmajor governmental funds	<u>\$ 78,060</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

All transfers were made in compliance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

Interfund transfers between governmental funds are eliminated for reporting in the statement of activities.

NOTE 6 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis while the District fiscal year runs from July through June. First half tax collections are received by the District in the second half of the fiscal year. Second half tax distributions occur in the first half of the following fiscal year.

Property taxes include amounts levied against all real property, public utility property, and certain tangible personal (used in business) property located in the District. Real property tax revenues received in calendar year 2010 represent the collection of calendar year 2009 taxes. Real property taxes received in calendar year 2010 were levied after April 1, 2009, on the assessed values as of January 1, 2009, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2010 represent the collection of calendar year 2009 taxes. Public utility real and tangible personal property taxes received in calendar year 2010 became a lien on December 31, 2008, were levied after April 1, 2009, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax revenues received in calendar year 2010 (other than public utility property) represent the collection of calendar year 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property taxes received from telephone companies in calendar year 2010 were levied after October 1, 2009, on the value as of December 31, 2009. Amounts 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. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

**VALLEY VIEW LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 6 - PROPERTY TAXES - (Continued)

The District receives property taxes from Montgomery and Preble Counties. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2010, are available to finance fiscal year 2010 operations. The amount available as an advance at June 30, 2010 was \$113,638 in the general fund and \$21,514 in the permanent improvement fund. This amount is recorded as revenue. The amount available for advance at June 30, 2009 was \$320,056 in the general fund. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2010 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to unearned revenue.

On the accrual basis of accounting, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis of accounting the revenue has been deferred.

The assessed values upon which the fiscal year 2010 taxes were collected are:

	2009 Second Half Collections		2010 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 213,418,210	93.66	\$ 213,724,020	94.27
Public utility personal	11,793,490	5.18	12,437,200	5.49
Tangible personal property	<u>2,654,180</u>	<u>1.16</u>	<u>550,050</u>	<u>0.24</u>
Total	<u>\$ 227,865,880</u>	<u>100.00</u>	<u>\$ 226,711,270</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation:				
General	\$37.11		\$28.56	
Permanent improvement	-		3.80	

NOTE 7 - SCHOOL DISTRICT INCOME TAX

In fiscal year 1991, the voters of the District passed a .50% income tax, effective for five years. This income tax was renewed by the voters in 2006 for calendar years 2007 - 2011. In fiscal year 1995, voters of the District passed an additional .75% income tax, and renewed it in fiscal year 2006 for calendar years 2007 - 2010. In fiscal year 2010, voters renewed this levy for an additional five years. The tax is collected by the State of Ohio and remitted to the District quarterly. Total income tax revenue for fiscal year 2010 credited to the general fund was \$2,739,490.

**VALLEY VIEW LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 8 - RECEIVABLES

Receivables at June 30, 2010 consisted of taxes (both property taxes and income taxes), accounts (billings for user charged services and student fees), accrued interest, and intergovernmental grants and entitlements. 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 reported on the statement of net assets follows:

Governmental activities:

Property taxes	\$ 5,480,298
Income taxes	984,702
Accounts	47,856
Accrued interest	26,033
Intergovernmental	<u>222,066</u>
 Total	 <u>\$ 6,760,955</u>

Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected in the subsequent year.

NOTE 9 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2010 was as follows:

	Balance 06/30/09	Additions	Deductions	Balance 06/30/10
Governmental activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 436,936	\$ 13,454	\$ -	\$ 450,390
Construction in progress	<u>-</u>	<u>29,400</u>	<u>-</u>	<u>29,400</u>
Total capital assets, not being depreciated	<u>436,936</u>	<u>42,854</u>	<u>-</u>	<u>479,790</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	1,587,704	-	-	1,587,704
Buildings and improvements	6,800,193	94,776	-	6,894,969
Furniture and equipment	2,594,703	46,587	-	2,641,290
Vehicles	<u>1,450,350</u>	<u>-</u>	<u>-</u>	<u>1,450,350</u>
Total capital assets, being depreciated	<u>12,432,950</u>	<u>141,363</u>	<u>-</u>	<u>12,574,313</u>
<i>Less: accumulated depreciation</i>				
Land improvements	(666,037)	(35,908)	-	(701,945)
Buildings and improvements	(4,402,995)	(128,557)	-	(4,531,552)
Furniture and equipment	(1,969,881)	(159,666)	-	(2,129,547)
Vehicles	<u>(895,715)</u>	<u>(102,790)</u>	<u>-</u>	<u>(998,505)</u>
Total accumulated depreciation	<u>(7,934,628)</u>	<u>(426,921)</u>	<u>-</u>	<u>(8,361,549)</u>
Governmental activities capital assets, net	<u>\$ 4,935,258</u>	<u>\$ (242,704)</u>	<u>\$ -</u>	<u>\$ 4,692,554</u>

**VALLEY VIEW LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 9 - CAPITAL ASSETS - (Continued)

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 171,926
Special	22,789
Vocational	6,810
 <u>Support services:</u>	
Pupil	2,828
Instructional staff	4,040
Administration	8,812
Fiscal	5,657
Operations and maintenance	22,525
Pupil transportation	107,637
Central	6,378
 Extracurricular activities	 54,597
Food service operations	<u>12,922</u>
 Total depreciation expense	 <u>\$ 426,921</u>

NOTE 10 - CAPITALIZED LEASES - LESSEE DISCLOSURE

In previous years, the District has entered into leases for a building and copiers. These leases meet 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 reclassified and are reflected as debt service expenditures in the statement of revenues, expenditures and changes in fund balances - general fund. These expenditures are reflected as program/function expenditures on a budgetary basis. Capital assets acquired by lease and the related lease obligation liability have been reported on the statement of net assets.

Capital assets consisting of buildings and equipment have been capitalized in the amount of \$1,163,849. These amounts represent the present value of the minimum lease payments at the time of acquisition. Accumulated depreciation as of June 30, 2010 for the buildings and equipment was \$176,400 and \$161,925, respectively, leaving a current book value of \$663,600 and \$161,924, respectively. Principal payments for fiscal year 2010 totaled \$61,510 and \$62,881. This amount is reflected as debt service principal retirement in the general fund.

**VALLEY VIEW LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 10 - CAPITALIZED LEASES - LESSEE DISCLOSURE - (Continued)

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, 2010:

Fiscal Year <u>Ending June 30,</u>	<u>Building</u>	<u>Copiers</u>	<u>Total</u>
2011	\$ 90,040	\$ 80,184	\$ 170,224
2012	90,137	80,184	170,321
2013	90,037	33,410	123,447
2014	90,039	-	90,039
2015	<u>90,039</u>	<u>-</u>	<u>90,039</u>
Total future minimum lease payments	450,292	193,778	644,070
Less: amount representing interest	<u>(70,458)</u>	<u>(18,111)</u>	<u>(88,569)</u>
Present value of future minimum lease payments	<u>\$ 379,834</u>	<u>\$ 175,667</u>	<u>\$ 555,501</u>

NOTE 11 - LONG-TERM OBLIGATIONS

During the fiscal year 2010, the following activity occurred in governmental activities long-term obligations:

	<u>Issued</u>	<u>Due</u>	<u>Interest Rate</u>	<u>Balance 06/30/09</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance 06/30/10</u>	<u>Amount Due in One Year</u>
<u>G.O. Bonds Payable</u>								
Facility acquisition	2000	2015	6.9%	\$ 84,066	\$ -	\$ (11,716)	\$ 72,350	\$ 12,550
Total G.O. bonds				<u>84,066</u>	<u>-</u>	<u>(11,716)</u>	<u>72,350</u>	<u>12,550</u>
<u>Other Long-Term Obligations</u>								
Capital lease obligation				679,892	-	(124,391)	555,501	134,500
Compensated absences				<u>986,457</u>	<u>188,958</u>	<u>(75,138)</u>	<u>1,100,277</u>	<u>136,365</u>
Total other long-term obligations				<u>1,666,349</u>	<u>188,958</u>	<u>(199,529)</u>	<u>1,655,778</u>	<u>270,865</u>
Total governmental activities				<u>\$ 1,750,415</u>	<u>\$ 188,958</u>	<u>\$ (211,245)</u>	<u>\$ 1,728,128</u>	<u>\$ 283,415</u>

During fiscal year 2000, 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 statement of net assets.

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.

**VALLEY VIEW LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

Principal and interest requirements to for general obligation bonds outstanding at June 30, 2010, are as follows:

Fiscal Year Ending June 30	General Obligation Bonds		
	Principal	Interest	Total
2011	\$ 12,550	\$ 4,600	\$ 17,150
2012	13,444	3,706	17,150
2013	14,401	2,749	17,150
2014	15,427	1,723	17,150
2015	<u>16,528</u>	<u>624</u>	<u>17,152</u>
Total	<u>\$ 72,350</u>	<u>\$ 13,402</u>	<u>\$ 85,752</u>

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 additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2010, are a voted debt margin of \$20,282,160 and an unvoted debt margin of \$226,161.

NOTE 12 - OTHER EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Upon retirement, payment is made to certified and classified employees for one-fourth of accrued, but unused, sick leave credit.

B. Insurance Benefits

The District provides life insurance and accidental death and dismemberment insurance to most employees through Horace Mann Life Insurance Company.

**VALLEY VIEW LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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 general liability insurance coverage through a commercial carrier. Absent the deductible, the risk of loss transfers entirely to the commercial carrier.

The District purchases health and dental insurance through the Southwestern Ohio Educational Purchasing Council 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 District purchases workers' compensation insurance through Sheakley UniService, Inc. via the Ohio Association of School Business Officials Group Rating Plan.

Post employment health care is provided to plan participants or their beneficiaries through the respective retirement systems discussed in Note 15. 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 year 2009.

NOTE 14 - PENSION PLANS

A. School Employees Retirement System

Plan Description - The District contributes to the School Employees Retirement System (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement, disability, survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided 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. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, www.ohsers.org, under *Employers/Audit Resources*.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2010, 12.78 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2010, 2009 and 2008 were \$349,691, \$228,774 and \$223,609, respectively; 44.41 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

**VALLEY VIEW LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 14 - PENSION PLANS - (Continued)

B. State Teachers Retirement System of Ohio

Plan Description - The District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at www.strsoh.org.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - For fiscal year 2010, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2010, 2009 and 2008 were \$1,190,628, \$1,139,530 and \$1,049,515, respectively; 83.36 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008. Contributions to the DC and Combined Plans for fiscal year 2010 were \$37,691 made by the District and \$52,767 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2010, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

**VALLEY VIEW LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 15 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Plan Description - The District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Chapter 3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2009 was \$96.40 and SERS' reimbursement to retirees was \$45.50. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, www.ohsers.org, under *Employers/Audit Resources*.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2010, 0.46 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2010, the actuarially determined amount was \$35,800.

Active members do not contribute to the postemployment benefit plans. The Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility and retirement status.

The District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2010, 2009, and 2008 were \$63,609, \$153,953 and \$137,272, respectively; 44.41 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2010, this actuarially required allocation was 0.76 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2010, 2009, and 2008 were \$20,795, \$18,873 and \$16,112, respectively; 44.41 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

**VALLEY VIEW LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 15 - POSTEMPLOYMENT BENEFITS - (Continued)

B. State Teachers Retirement System of Ohio

Plan Description - The District contributes to the cost sharing, multiple employer defined benefit Health Plan (the "Plan") administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2010, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2010, 2009, and 2008 were \$91,587, \$87,656 and \$79,647, respectively; 83.36 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

NOTE 16 - BUDGETARY BASIS OF ACCOUNTING

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

The statement of revenues, expenditures, and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund 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:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses 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, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to a reservation of fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis); and,
- (e) Investments are reported at fair value (GAAP basis) rather than cost (budget basis).

**VALLEY VIEW LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 16 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the general fund is as follows:

Net Change in Fund Balance

	<u>General Fund</u>
Budget basis	\$ (1,995,494)
Net adjustment for revenue accruals	(223,496)
Net adjustment for expenditure accruals	109,877
Net adjustment for other sources/uses	(78,602)
Adjustment for encumbrances	<u>187,023</u>
GAAP basis	<u>\$ (2,000,692)</u>

NOTE 17 - CONTINGENCIES

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 are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

B. Litigation

The District is not party to legal proceedings which, in the opinion of District management, will have a material effect, if any, on the financial condition of the District.

**VALLEY VIEW LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 18 - STATUTORY RESERVES

The District is required by State statute to annually set-aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at year end. These amounts must be carried forward to be used for the same purposes in future years. During the fiscal year ended June 30, 2010, the reserve activity was as follows:

	<u>Textbooks/ Instructional Materials</u>	<u>Capital Acquisition</u>
Set-aside balance as of June 30, 2009	\$ (563,782)	\$ (88,766)
Current year set-aside requirement	319,012	319,012
Current year offsets	-	(491,335)
Qualifying disbursements	<u>(571,857)</u>	<u>(214,128)</u>
Total	<u>\$ (816,627)</u>	<u>\$ (475,217)</u>
Balance carried forward to fiscal year 2011	<u>\$ (816,627)</u>	<u>\$ -</u>

The District had qualifying disbursements and offsets during the year that reduced the textbooks/instructional materials and capital acquisition set-aside amount below zero. The extra amounts in textbooks/instructional materials may be used to reduce the set-aside requirements of future years.

In addition to the above statutory reserves, the District also received monies restricted for school bus purchases.

A schedule of the governmental fund restricted assets at June 30, 2010 follows:

Amount restricted for school bus purchases	<u>\$ 613</u>
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VALLEY VIEW LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY
SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	PASS-THROUGH GRANT NUMBER	CFDA NUMBER	CASH FEDERAL RECEIPTS	NON-CASH FEDERAL RECEIPTS	CASH FEDERAL DISBURSEMENTS	NON-CASH FEDERAL DISBURSEMENTS
U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION						
<i>Child Nutrition Cluster:</i>						
School Breakfast Program	2010	10.553	\$ 5,075	\$ -	\$ 5,075	\$ -
Total School Breakfast Program			<u>5,075</u>	<u>-</u>	<u>5,075</u>	<u>-</u>
National School Lunch Program		10.555	161,424	-	161,424	-
Total National School Lunch Program			<u>161,424</u>	<u>-</u>	<u>161,424</u>	<u>-</u>
Total Child Nutrition Cluster			<u>166,499</u>	<u>-</u>	<u>166,499</u>	<u>-</u>
Commodity Supplemental Food Program	2010	10.565	-	30,422	-	30,422
Total Commodity Supplemental Food Program			<u>-</u>	<u>30,422</u>	<u>-</u>	<u>30,422</u>
Total United States Department of Agriculture			<u>166,499</u>	<u>30,422</u>	<u>166,499</u>	<u>30,422</u>
U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION						
<i>Title I, Part A Cluster</i>						
Title I Grants to Local Education Agencies	2009	84.010	14,582	-	35,319	-
Title I Grants to Local Education Agencies	2010	84.010	137,009	-	142,146	-
Total Title I Grants to Local Educational Agencies			<u>151,591</u>	<u>-</u>	<u>177,465</u>	<u>-</u>
Title I Grants to Local Educational Agencies, Recovery Act	2010	84.389	53,300	-	45,156	-
Total Title I Grants to Local Educational Agencies, Recovery Act			<u>53,300</u>	<u>-</u>	<u>45,156</u>	<u>-</u>
Total Title I, Part A Cluster			<u>204,891</u>	<u>-</u>	<u>222,621</u>	<u>-</u>
<i>Special Education Cluster (IDEA)</i>						
Special Education Grants to States	2009	84.027	40,248	-	57,305	-
Special Education Grants to States	2010	84.027	312,558	-	286,355	-
Total Special Education Grants to States			<u>352,806</u>	<u>-</u>	<u>343,660</u>	<u>-</u>
Special Education Grants to States, Recovery Act	2010	84.391	64,000	-	61,539	-
Total Special Education Grants to States, Recovery Act			<u>64,000</u>	<u>-</u>	<u>61,539</u>	<u>-</u>
Early Childhood Special Education Grants to States	2009	84.173	-	-	734	-
Early Childhood Special Education Grants to States	2010	84.173	6,633	-	6,404	-
Total Early Childhood Special Education Grants to States			<u>6,633</u>	<u>-</u>	<u>7,138</u>	<u>-</u>
Early Childhood Special Education Grants to States, Recovery Act	2010	84.392	1,659	-	387	-
Total Early Childhood Special Education Grants to States, Recovery Act			<u>1,659</u>	<u>-</u>	<u>387</u>	<u>-</u>
Total Special Education Cluster (IDEA)			<u>425,098</u>	<u>-</u>	<u>412,724</u>	<u>-</u>
Safe & Drug Free Schools and Communities - State Grants	2008	84.186	-	-	639	-
Safe & Drug Free Schools and Communities - State Grants	2009	84.186	821	-	1,675	-
Safe & Drug Free Schools and Communities - State Grants	2010	84.186	5,193	-	4,342	-
Total Safe & Drug Free Schools and Communities - State Grants			<u>6,014</u>	<u>-</u>	<u>6,656</u>	<u>-</u>
State Grants for Innovative Programs	2010	84.298	1,273	-	1,407	-
Total State Grants for Innovative Programs			<u>1,273</u>	<u>-</u>	<u>1,407</u>	<u>-</u>
Education Technology State Grants	2010	84.318	465	-	302	-
Total Education State Grants			<u>465</u>	<u>-</u>	<u>302</u>	<u>-</u>
Improving Teacher Quality - State Grants	2009	84.367	5,182	-	9,378	-
Improving Teacher Quality - State Grants	2010	84.367	47,336	-	59,852	-
Total Improving Teacher Quality - State Grants			<u>52,518</u>	<u>-</u>	<u>69,230</u>	<u>-</u>
State Fiscal Stabilization Fund - Education State Grants Recovery Act	2010	84.394	505,613	-	347,234	-
Total State Fiscal Stabilization Fund - Education State Grants Recovery Act			<u>505,613</u>	<u>-</u>	<u>347,234</u>	<u>-</u>
Total United States Department of Education			<u>1,195,872</u>	<u>-</u>	<u>1,060,174</u>	<u>-</u>
Total Federal Financial Assistance			<u>\$ 1,362,371</u>	<u>\$ 30,422</u>	<u>\$ 1,226,673</u>	<u>\$ 30,422</u>

See accompanying notes to the Schedule of Federal Awards Expenditures

Valley View Local School District
Notes to the Schedule of Federal Awards Receipts and Expenditures
For the Fiscal Year Ended June 30, 2010

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of federal awards receipts and expenditures includes the federal grant activity of the District and is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE B – FOOD DONATION

Program regulations do not require the District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This non-monetary assistance (expenditures) is reported in the schedule using the entitlement value of the commodities received.

NOTE C – MATCHING REQUIREMENTS

Certain federal programs require the District to contribute non-federal (matching funds) to support the federally-funded programs. The District has complied with the matching requirements. The expenditure of non-federal matching funds is not included on the schedule.



**Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Required by *Government Auditing Standards***

Members of the Board
Valley View Local School District
64 Comstock Avenue
Germantown, Ohio 45327

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Valley View Local School District, Montgomery County, Ohio (the District), as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 16, 2010 where in we indicated that the District implemented GASB Statements No. 51, 57, and No. 58. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*

Members of the Board
Valley View Local School District
Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Required by *Government Auditing Standards*
Page 2

We intend this report solely for the information and use of the audit committee, management, the Board of Education, and federal awarding agencies and pass-through entities and other within the District. We intend it for not one other than these specified parties.

A handwritten signature in cursive script that reads "Balestra, Harr & Scherer". The signature is written in black ink on a light-colored background.

Balestra, Harr & Scherer, CPAs, Inc.
December 16, 2010



**Independent Auditor's Report on Compliance with Requirements Applicable
to Each Major Program and on Internal Control Over Compliance
Required by OMB Circular A-133**

Members of the Board
Valley View Local School District
Montgomery, County
64 Comstock Avenue
Germantown, Ohio 45327

Compliance

We have audited the compliance of the 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 could directly and materially affect each of Valley View Local School District's major federal programs for the year ended June 30, 2010. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal programs. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. 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 included in the Comptroller General of the United States' *Government Auditing Standards*; 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 reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe 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, the District complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the 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 directly and materially affect a major federal program, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

We intend this report solely for the information and use of the audit committee, management, board of education, federal awarding agencies and pass-through entities and others within the District. It is not intended for anyone other than these specified parties.



Balestra, Harr & Scherer, CPAs, Inc.
December 16, 2010

**VALLEY VIEW LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 SECTION §.505
JUNE 30, 2010**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other significant control deficiencies reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any other significant internal control conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Program's Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under section .510?	No
(d)(1)(vii)	Major Programs (list):	Special Education Cluster – CFDA #84.027, Special Education; CFDA #84.391, Special Education Recovery Act; CFDA #84.173, Early Childhood Special Education; CFDA #84.392, Early Childhood Special Education, Recovery Act. CFDA #84.394, State Fiscal Stabilization Fund Recovery Act
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

**VALLEY VIEW LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 SECTION §.505
JUNE 30, 2010**

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

None noted

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None noted

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Dave Yost • Auditor of State

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
MARCH 15, 2011