



Dave Yost • Auditor of State

VILLAGE OF VALLEY VIEW
CUYAHOGA COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - Governmental Fund Types - For the Year Ended December 31, 2014	3
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - Fiduciary Fund Type - For the Year Ended December 31, 2014	4
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - Governmental Fund Types - For the Year Ended December 31, 2013	5
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - Fiduciary Fund Type - For the Year Ended December 31, 2013	6
Notes to the Financial Statements	7
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	17

This page intentionally left blank.



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of the Village of Valley View, Cuyahoga County, (the Village) as of and for the years ended December 31, 2014 and 2013.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy these requirements.

Lausche Building, 615 Superior Ave., NW, Twelfth Floor, Cleveland, Ohio 44113-1801
Phone: 216-787-3665 or 800-626-2297 Fax: 216-787-3361

www.ohioauditor.gov

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis permitted is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2014 and 2013, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of Valley View, Cuyahoga County as of December 31, 2014 and 2013, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 2, 2015, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

April 2, 2015

**VILLAGE OF VALLEY VIEW
CUYAHOGA COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$991,541	\$379,765			\$1,371,306
Municipal Income Tax	9,319,538		\$42,083	\$1,595,403	10,957,024
Intergovernmental	170,176	262,318		89,419	521,913
Special Assessments			130,083		130,083
Charges for Services	182,221	6,457			188,678
Fines, Licenses and Permits	163,747	5,998		225	169,970
Earnings on Investments	1,112				1,112
Miscellaneous	124,434	20,857		2,500	147,791
<i>Total Cash Receipts</i>	<u>10,952,769</u>	<u>675,395</u>	<u>172,166</u>	<u>1,687,547</u>	<u>13,487,877</u>
Cash Disbursements					
Current:					
Security of Persons and Property	4,614,742	604,283			5,219,025
Public Health Services	13,137				13,137
Leisure Time Activities	503,786	241,333			745,119
Basic Utility Services	229,078				229,078
Transportation	1,088,154	343,172		108,372	1,539,698
General Government	2,136,806				2,136,806
Capital Outlay	1,470,036			1,654,078	3,124,114
Debt Service:					
Principal Retirement			235,000		235,000
Interest and Fiscal Charges			77,135		77,135
<i>Total Cash Disbursements</i>	<u>10,055,739</u>	<u>1,188,788</u>	<u>312,135</u>	<u>1,762,450</u>	<u>13,319,112</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>897,030</u>	<u>(513,393)</u>	<u>(139,969)</u>	<u>(74,903)</u>	<u>168,765</u>
Other Financing Receipts (Disbursements)					
Transfers In		750,000	20,000	2,350,000	3,120,000
Transfers Out	(3,120,000)				(3,120,000)
Advances In				388,000	388,000
Advances Out	(388,000)				(388,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(3,508,000)</u>	<u>750,000</u>	<u>20,000</u>	<u>2,738,000</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	<u>(2,610,970)</u>	<u>236,607</u>	<u>(119,969)</u>	<u>2,663,097</u>	<u>168,765</u>
<i>Fund Cash Balances, January 1</i>	<u>9,202,172</u>	<u>531,890</u>	<u>646,003</u>	<u>2,218,783</u>	<u>12,598,848</u>
Fund Cash Balances, December 31					
Restricted		757,497	526,034	2,431,678	3,715,209
Committed		11,000		2,450,202	2,461,202
Assigned	149,327				149,327
Unassigned (Deficit)	6,441,875				6,441,875
<i>Fund Cash Balances, December 31</i>	<u>\$6,591,202</u>	<u>\$768,497</u>	<u>\$526,034</u>	<u>\$4,881,880</u>	<u>\$12,767,613</u>

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

**VILLAGE OF VALLEY VIEW
CUYAHOGA COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Fiduciary Fund Type
	Agency
Operating Cash Receipts	
Charges for Services	\$32,900
Mayor's Court	174,144
Miscellaneous	437
	<u>207,481</u>
<i>Total Operating Cash Receipts</i>	<u>207,481</u>
Operating Cash Disbursements	
Mayor's Court	177,247
Supplies and Materials	288
Other	23,510
Contractual Services	1,633
	<u>202,678</u>
<i>Total Operating Cash Disbursements</i>	<u>202,678</u>
<i>Operating Income</i>	<u>4,803</u>
<i>Net Change in Fund Cash Balances</i>	4,803
<i>Fund Cash Balances, January 1</i>	<u>30,339</u>
<i>Fund Cash Balances, December 31</i>	<u>\$35,142</u>

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

**VILLAGE OF VALLEY VIEW
CUYAHOGA COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$1,056,740	\$386,886			\$1,443,626
Municipal Income Tax	11,596,380		\$301,375	\$1,372,383	13,270,138
Intergovernmental	228,458	270,020		358,420	856,898
Special Assessments			140,271		140,271
Charges for Services	179,823	8,500			188,323
Fines, Licenses and Permits	176,544	3,675		100	180,319
Earnings on Investments	5,028				5,028
Miscellaneous	111,108	7,196		24,379	142,683
<i>Total Cash Receipts</i>	<u>13,354,081</u>	<u>676,277</u>	<u>441,646</u>	<u>1,755,282</u>	<u>16,227,286</u>
Cash Disbursements					
Current:					
Security of Persons and Property	4,398,880	621,526			5,020,406
Public Health Services	12,825				12,825
Leisure Time Activities	406,840	315,511			722,351
Basic Utility Services	247,910			144,540	392,450
Transportation	986,665	298,178			1,284,843
General Government	2,134,172				2,134,172
Capital Outlay	1,139,282	212,860		1,915,937	3,268,079
Debt Service:					
Principal Retirement			220,000		220,000
Interest and Fiscal Charges			89,282		89,282
<i>Total Cash Disbursements</i>	<u>9,326,574</u>	<u>1,448,075</u>	<u>309,282</u>	<u>2,060,477</u>	<u>13,144,408</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>4,027,507</u>	<u>(771,798)</u>	<u>132,364</u>	<u>(305,195)</u>	<u>3,082,878</u>
Other Financing Receipts (Disbursements)					
Transfers In		660,000	20,000	220,100	900,100
Transfers Out	(900,100)				(900,100)
Advances In	252,109				252,109
Advances Out				(250,000)	(250,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(647,991)</u>	<u>660,000</u>	<u>20,000</u>	<u>(29,900)</u>	<u>2,109</u>
<i>Net Change in Fund Cash Balances</i>	3,379,516	(111,798)	152,364	(335,095)	3,084,987
<i>Fund Cash Balances, January 1</i>	<u>5,822,656</u>	<u>643,688</u>	<u>493,639</u>	<u>2,553,878</u>	<u>9,513,861</u>
Fund Cash Balances, December 31					
Restricted		520,890	646,003	584,835	1,751,728
Committed		11,000		1,633,948	1,644,948
Assigned	184,065				184,065
Unassigned (Deficit)	9,018,107				9,018,107
<i>Fund Cash Balances, December 31</i>	<u>\$9,202,172</u>	<u>\$531,890</u>	<u>\$646,003</u>	<u>\$2,218,783</u>	<u>\$12,598,848</u>

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

**VILLAGE OF VALLEY VIEW
CUYAHOGA COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Fiduciary Fund Type
	Agency
Operating Cash Receipts	
Charges for Services	\$34,790
Mayor's Court	202,887
Miscellaneous	2,480
	<u>240,157</u>
<i>Total Operating Cash Receipts</i>	<u>240,157</u>
Operating Cash Disbursements	
Mayor's Court	231,960
Supplies and Materials	1,915
Contractual Services	1,941
Other	46,517
	<u>282,333</u>
<i>Total Operating Cash Disbursements</i>	<u>282,333</u>
<i>Operating Income (Loss) before Advances</i>	<u>(42,176)</u>
Advance Out	<u>(2,109)</u>
<i>Net Change in Fund Cash Balances</i>	<u>(44,285)</u>
<i>Fund Cash Balances, January 1</i>	<u>74,624</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$30,339</u></u>

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

**VILLAGE OF VALLEY VIEW
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Valley View, Cuyahoga County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides General governmental services, including maintenance of roads, rubbish collections, parks and recreation, sanitary/storm sewer facilities, building, zoning, safety services and police and fire protection.

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

B. Accounting Basis

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permits.

C. Deposits and Investments

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

D. Fund Accounting

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

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

2. Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

**VILLAGE OF VALLEY VIEW
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

Street Construction, Maintenance and Repair Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

Recreation I Fund – This fund receives property tax money levied for the acquisition, development, and continued maintenance of Valley View Woods Park, Lombardo Park and Don Miller Park (Tiny Lane Park).

3. Debt Service Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following significant Debt Service Funds:

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

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

4. Capital Project Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant capital project funds:

Capital Projects VI Fund – This fund is used for road repairs/replacement, engineering projects and purchase of equipment.

Capital Projects Hazard Mitigation Fund – This fund is used to raise resident's homes above flood level. This program received money from the Federal Government, State Ohio Emergency Management and Village.

Capital Projects Pre-Disaster Mitigation Fund - This is the second program used to raise resident's homes above flood level. This program received money from State of Ohio Emergency Management, the Village and Residents.

Sewer and Water Fund – This fund is used to construct and maintain village sanitary and storm sewers.

5. Fiduciary Funds

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency funds account for the accumulation of resources for, and the payment of fines collected from violators subject to the Village's legal jurisdiction and collection of deposits for rental of Village facilities and pavilions.

**VILLAGE OF VALLEY VIEW
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2014 and 2013 budgetary activity appears in Note 3.

F. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable

The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

3. Committed

Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**VILLAGE OF VALLEY VIEW
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

G. Property, Plant, and Equipment

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

H. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. Equity in Pooled Deposits and Investments

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

	2014	2013
Demand deposits	\$8,251,502	\$8,078,897
Certificates of deposit	4,101,253	4,100,290
Total deposits	12,352,755	12,179,187
STAR Ohio	450,000	450,000
Total investments	450,000	450,000
Total deposits and investments	\$12,802,755	\$12,629,187

Deposits: Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

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

**VILLAGE OF VALLEY VIEW
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

3. Budgetary Activity:

Budgetary activity for the years ending December 31, 2014 and 2013 follows:

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$10,981,148	\$10,952,769	(\$28,379)
Special Revenue	1,564,128	1,425,395	(138,733)
Debt Service	252,083	192,166	(59,917)
Capital Projects	4,520,017	4,425,547	(94,470)
Total	\$17,317,376	\$16,995,877	(\$321,499)

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$15,308,065	\$13,713,063	\$1,595,002
Special Revenue	1,771,852	1,226,599	545,253
Debt Service	312,135	312,135	0
Capital Projects	5,124,702	2,846,335	2,278,367
Total	\$22,516,754	\$18,098,132	\$4,418,622

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$13,367,967	\$13,606,190	\$238,223
Special Revenue	1,498,755	1,336,277	(162,478)
Debt Service	457,375	461,646	4,271
Capital Projects	2,354,027	1,975,382	(378,645)
Total	\$17,678,124	\$17,379,495	(\$298,629)

**VILLAGE OF VALLEY VIEW
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$11,862,815	\$10,410,742	\$1,452,073
Special Revenue	1,895,513	1,501,996	393,517
Debt Service	309,282	309,282	0
Capital Projects	3,397,055	2,518,420	878,635
Total	\$17,464,665	\$14,740,440	\$2,724,225

4. Property Tax

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

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

5. Local Income Tax

The Village levies a municipal income tax of 2 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

6. Debt

Debt outstanding at December 31, 2014 was as follows:

	Principal	Interest Rate
General Obligation Bonds	\$443,025	1.6%
Special Assessment bonds	\$720,000	5.5%
Total	\$1,163,025	

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

**VILLAGE OF VALLEY VIEW
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

Proceeds were deposited in an irrevocable trust with an escrow agent to provide for all future debt payments on the refunded 1990 Safety Center Bonds. As a result \$3,165,000 of these bonds were considered defeased and the liability for the refunded bonds has been removed from the Village's financial statements. The bonds matured on December 1, 2010.

On December 17, 2014 the Village Refinanced the General Obligation Bonds at a lower interest rate resulting in a saving of \$32,199 to the Village. The remaining principal and interest will be repaid in semi-annual varying principal and interest payments through 2017.

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

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

Year ending December 31:	General Obligation Bonds	Special Assessment Bonds
2015	153,790	144,960
2016	150,605	144,133
2017	152,630	143,028
2018-2020		433,845
Total	<u>\$457,025</u>	<u>\$865,966</u>

7. Retirement Systems

The Village's certified Fire Fighters and full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. From January 1 2013 through June 30, 2013, OP&F participants contributed 10% of their wages. From July 1, 2013 through June 30, 2014 they contributed 10.75% of their wages. From July 1, 2014 through December 31, 2014, OP&F participants contributed 11.50% of their wages. For 2013 and 2014, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages and 24% of full-time fire fighters' wages, respectively. For 2013 and 2014, OPERS members contributed 10%, respectively, of their gross salaries and the Village contributed an amount equaling 14%, respectively, of participants' gross salaries. The Village has paid all contributions required through December 31, 2014.

8. Risk Management

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

**VILLAGE OF VALLEY VIEW
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

9. Contingent Liabilities

The Village is a defendant in several lawsuits. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the Village's financial condition.

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

10. Jointly Governed Organizations

A. Northeast Ohio Public Energy Council (NOPEC)

The Village is a member of the Northeast Ohio Public Energy Council (NOPEC). NOPEC is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. NOPEC was formed to serve as a vehicle for communities wishing to proceed jointly with an aggregation program for the purchase of electricity. NOPEC is currently comprised of 185 communities who have been authorized by ballot to purchase electricity on behalf of their citizens. The intent of NOPEC is to provide electricity at the lowest possible rates while at the same time insuring stability in prices by entering into long-term contracts with suppliers to provide electricity to the citizens of its member communities. The Village did not make any payments to NOPEC during the audit period.

NOPEC is governed by a General Assembly made up of one representative from each member community. The representatives from each community then elect one person to serve on the eight member NOPEC Board of Directors. The Board oversees and manages the operation of the aggregation program. The degree of control exercised by any participating government is limited to its representation in the General Assembly and on the Board. Financial information can be obtained by contacting Ron McVoy, Board Chairman, 31320 Solon Road, Suite 20, Solon, Ohio 44139 or at the website, www.nopecinfo.org.

B. Southwest Council of Governments

The Southwest Council of Governments (the Council) helps foster cooperation between municipalities in areas affecting health, safety, welfare, education, economic conditions and regional development. The Board is comprised of one member from each of the sixteen participating entities. The Board exercises total control over the operation of the Council including budgeting, appropriating, contracting and designating management. Budgets are adopted by the Board. The Village contributed \$15,000 in 2014 and 2013 to the Council.

The council has established two subsidiary organizations, The Hazardous Material Response Team (HAZ MAT) which provides hazardous material protections and assistance and the Southwest Enforcement Bureau which provides extra assistance to cities in the form of a SWAT Team. The Council's financial statements may be obtained by contacting the Southwest Council of Governments, 11 Berea Commons, Berea, Ohio 44017.

**VILLAGE OF VALLEY VIEW
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

C. Quad City CERT

The Village is a member of Quad City Cert. CERT stands for Community Emergency Response Team. Quad City CERT is made up of the communities of the Village of Valley View, the Village of Brooklyn Heights, the City of Independence and the City of Seven Hills. The objective of this organization is to assist Local Emergency Services in any and all emergencies, to assist the general public in such emergencies as trained, and to train, educate, and inform the public regarding Emergency Preparedness. Quad City CERT is governed by an Executive Board consisting of two members from each community, one of which shall be the Fire Chief. The other member shall be chosen by that community's Fire Chief. The Executive Board shall appoint an Executive Director who also serves as the ninth member of the Executive Board. The Board shall direct the activities of the program for its member communities, control its finances and maintain a trained membership. The Village of Valley View serves as the host community to purchase equipment, etc. and then apply for grant reimbursement from Cuyahoga County. The Village of Valley View paid a \$500 membership fee to Quad City CERT in 2014 and 2013. To obtain more information about Quad City CERT go to www.quadcitycert.org.

D. Cuyahoga Valley Regional Council of Governments

The Village is a member of the Cuyahoga Valley Regional Council of Governments. The CVRCOG is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. The CVRCOG is comprised of 29 participating units of governments-cities, villages, townships, counties, school districts and metroparks (located in the region surrounding the Cuyahoga Valley from Cleveland to Akron), which work as cooperative partners with the Cuyahoga Valley National Park (CVNP). Representatives are designated by participating units of government to participate regularly in discussion forums that investigate mutual interest and concerns. The Village made no contributions to the CVRCOG in 2014 and 2013. To obtain more information about CVRCOG, its members and Dr. Stephen Kenzig go to www.cvrkog.org.

11. Related Parties

A Village Councilman was employed by the Shelly Company in 2014 and 2013. The Village spent \$78,065 and \$708,844 for various road repairs from the Shelly Company in 2014 and 2013, respectively. The Councilman abstained from all approval of contracts and transactions related to the Shelly Company.

This page intentionally left blank.



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Village of Valley View
Cuyahoga County
6848 Hathaway Road
Valley View, Ohio 44138

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Village of Valley View, Cuyahoga County, (the Village) as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements and have issued our report thereon dated April 2, 2015 wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

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 a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the Village'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, opining 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*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

Dave Yost
Auditor of State
Columbus, Ohio

April 2, 2015



Dave Yost • Auditor of State

VILLAGE OF VALLEY VIEW

CUYAHOGA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
APRIL 14, 2015**