



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF VALLEYVIEW
FRANKLIN COUNTY

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

35 North Fourth Street
Columbus, Ohio 43215
Telephone 614-466-3402
800-443-9275
Facsimile 614-728-7199
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

Village of Valleyview
Franklin County
432 North Richardson Avenue
Columbus, Ohio 43204

To the Village Council:

We have audited the accompanying financial statements of the Village of Valleyview, Franklin County, Ohio, (the Village) as of and for the years ended December 31, 2001 and December 31, 2000. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village as of December 31, 2001 and December 31, 2000, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

The Village is experiencing certain financial difficulties. Those difficulties and management's plans are discussed in Note 8.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 4, 2002 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

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

JIM PETRO
Auditor of State

October 4, 2002

**VILLAGE OF VALLEYVIEW
FRANKLIN COUNTY**

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

	<u>Governmental Fund Types</u>			Total (Memorandum Only)
	<u>General Fund</u>	<u>Special Revenue</u>	<u>Capital Project</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$ 53,679	\$ 75,607	\$ -	\$ 129,286
Intergovernmental Receipts	127,861	20,909	18,056	166,826
Fines, Licenses and Permits	40,378	-	-	40,378
Earnings on Investments	2,197	271	-	2,468
Miscellaneous	2,277	-	-	2,277
Total Cash Receipts	<u>226,392</u>	<u>96,787</u>	<u>18,056</u>	<u>341,235</u>
Cash Disbursements:				
Security of Persons and Property	152,574	72,375	-	224,949
Public Health Service	812	-	-	812
Leisure Time Activities	8,046	-	-	8,046
Basic Utility Service	10,002	-	-	10,002
Transportation	7,064	8,913	-	15,977
General Government	91,869	724	-	92,593
Capital Outlay	4,785	13,676	153,769	172,230
Total Cash Disbursements	<u>275,152</u>	<u>95,688</u>	<u>153,769</u>	<u>524,609</u>
Total Cash Receipts Over(Under) Cash Disbursements	(48,760)	1,099	(135,713)	(183,374)
Other Financing Sources (Uses):				
Proceeds of Loan	-	-	135,713	135,713
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>135,713</u>	<u>135,713</u>
Total of Cash Receipts and Other Sources Over (Under) Cash Disbursements and Other Uses	(48,760)	1,099	-	(47,661)
Fund Cash Balance, January 1, 2001	<u>76,915</u>	<u>123,678</u>	<u>-</u>	<u>200,593</u>
Fund Cash Balance, December 31, 2001	<u>\$ 28,155</u>	<u>\$ 124,777</u>	<u>\$ -</u>	<u>\$ 152,932</u>
Reserve For Encumbrances, December 31, 2001	<u>\$ 5,762</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,762</u>

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

VILLAGE OF VALLEYVIEW
FRANKLIN COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGE IN
CASH BALANCE- AGENCY FUND
FOR THE YEAR ENDED DECEMBER 31, 2001

	Agency
Operating Cash Receipts:	
Fines, Licenses and Permits	\$ 46,165
Total Operating Cash Receipts	<u>46,165</u>
Operating Cash Disbursements	
Other Operating Cash Disbursements	<u>45,757</u>
Total Operating Cash Disbursements	<u>45,757</u>
Operating Income/(Loss)	408
Cash Balance, January 1	<u>154</u>
Cash Balance, December 31	<u><u>\$ 562</u></u>

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

**VILLAGE OF VALLEYVIEW
FRANKLIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	Governmental Fund Types			Total (Memorandum Only)
	General Fund	Special Revenue	Capital Project	
Cash Receipts:				
Property Tax and Other Local Taxes	\$ 54,694	\$ 67,030	\$ -	\$ 121,724
Intergovernmental Receipts	96,265	20,092	182,766	299,123
Fines, Licenses and Permits	64,012	-	-	64,012
Earnings on Investments	6,291	1,446	-	7,737
Miscellaneous	5,671	-	-	5,671
Total Cash Receipts	<u>226,933</u>	<u>88,568</u>	<u>182,766</u>	<u>498,267</u>
Cash Disbursements:				
Security of Persons and Property	148,578	46,837	-	195,415
Public Health Service	704	-	-	704
Leisure Time Activities	11,806	-	-	11,806
Basic Utility Service	10,002	-	-	10,002
Transportation	6,972	15,911	-	22,883
General Government	101,990	440	-	102,430
Capital Outlay	4,883	-	194,498	199,381
Total Cash Disbursements	<u>284,935</u>	<u>63,188</u>	<u>194,498</u>	<u>542,621</u>
Total Cash Receipts Over(Under) Cash Disbursements	<u>(58,002)</u>	<u>25,380</u>	<u>(11,732)</u>	<u>(44,354)</u>
Other Financing Sources (Uses):				
Proceeds of Loan	-	-	11,732	11,732
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>11,732</u>	<u>11,732</u>
Total of Cash Receipts and Other Sources Over (Under) Cash Disbursements and Other Uses	<u>(58,002)</u>	<u>25,380</u>	<u>-</u>	<u>(32,622)</u>
Fund Cash Balance, January 1,2000	<u>134,917</u>	<u>98,298</u>	<u>-</u>	<u>233,215</u>
Fund Cash Balance, December 31, 2000	<u><u>\$ 76,915</u></u>	<u><u>\$ 123,678</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 200,593</u></u>

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

VILLAGE OF VALLEYVIEW
FRANKLIN COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGE IN
CASH BALANCE- AGENCY FUND
FOR THE YEAR ENDED DECEMBER 31, 2000

	Agency
Operating Cash Receipts:	
Fines, Licenses and Permits	\$ 73,131
Total Operating Cash Receipts	<u>73,131</u>
Operating Cash Disbursements	
Other Operating Cash Disbursements	<u>73,867</u>
Total Operating Cash Disbursements	<u>73,867</u>
Operating Income/(Loss)	(736)
Cash Balance, January 1	<u>890</u>
Cash Balance, December 31	<u>\$ 154</u>

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

**VILLAGE OF VALLEYVIEW
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Valleyview, Franklin County, Ohio (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, park operations, and police services. The Village contracts with the City of Columbus to provide fire protection services.

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

B. Basis of Accounting

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

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

C. Cash and Investments

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Certificates of deposit and the repurchase agreement are valued at cost

D. Fund Accounting

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

1. General Fund

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

2. Special Revenue Fund

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

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

Police Fund - This fund receives property tax monies for the provision of police protection.

**VILLAGE OF VALLEYVIEW
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Fund (Continued)

Fire Fund -This fund receives property tax monies for the provision of fire protection.

3. Capital Projects Fund

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects which is funded by loans and grants from the Ohio Public Works Commission.

4. Fiduciary Fund (Agency)

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

Mayor's Court Agency Fund - This fund is used by the Village to account for Mayor's Court receipts and disbursements.

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2001 and 2000 budgetary activity appears in Note 3.

**VILLAGE OF VALLEYVIEW
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Property, Plant and Equipment

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

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's basis of accounting.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2001	2000
Demand deposits	\$40,562	\$40,154
Certificates of deposit	72,510	74,974
Total deposits	113,072	115,128
Repurchase agreement	40,422	85,619
Total investments	40,422	85,619
Total deposits and investments	\$153,494	\$200,747

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

Investments: The Village's financial institution transfers securities to the Village's agent to collateralize repurchase agreements. The securities are not in the Village's name.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2001 and December 31, 2000 follows:

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$234,297	\$226,392	(\$7,905)
Special Revenue	86,028	96,787	10,760
Capital Projects	0	153,769	153,769
Total	\$320,324	\$476,948	\$156,624

**VILLAGE OF VALLEYVIEW
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$341,290	\$280,914	\$60,376
Special Revenue	108,884	95,688	13,196
Capital Projects	0	153,769	(153,769)
Total	<u>\$450,174</u>	<u>\$530,371</u>	<u>(\$80,197)</u>

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$246,155	\$226,933	(\$19,222)
Special Revenue	92,157	88,568	(3,589)
Capital Projects	209,556	194,498	(15,058)
Total	<u>\$547,868</u>	<u>\$509,999</u>	<u>(\$37,869)</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$363,870	\$284,935	\$78,935
Special Revenue	103,839	63,188	40,651
Capital Projects	0	194,498	(194,498)
Total	<u>\$467,709</u>	<u>\$542,621</u>	<u>(\$74,912)</u>

4. PROPERTY TAX

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

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

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

**VILLAGE OF VALLEYVIEW
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

5. DEBT

Debt outstanding at December 31, 2001 was as follows:

Ohio Public Works Commission Loan	\$147,445	0.00%
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The Ohio Public Works Commission (OPWC) loan relates to street resurfacing within the Village. The OPWC approved \$147,445 in loans to the Village for this project. The loan is to be repaid in semi-annual installments of \$4,915, over 15 years.

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

Year ending December 31:	<u>OPWC Loan</u>
2002	\$9,830
2003	\$9,830
2004	\$9,830
2005	\$9,830
2006	\$9,830
2007 – 2016	<u>98,295</u>
Total	<u><u>\$147,445</u></u>

6. RETIREMENT SYSTEMS

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2001 and 2000, OP&F participants contributed 10% of their wages. The Village contributed an amount equal to 19.5% of police participant wages. PERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000 through December 31, 2000. The Village did not timely pay these required contributions, however as of October 4, 2002 the Village has paid all contributions required through December 31, 2001.

**VILLAGE OF VALLEYVIEW
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

7. RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

The Village is uninsured for the following risks:

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

8. EMPHASIS OF A MATTER

The Village is experiencing financial difficulties and accounting record reconciliation delays. As of October 4, 2002, the Village owes \$37,506 in back taxes to the Internal Revenue Service. The Village plans to have all reconciliations and financial transaction recorded by October 31, 2002.



**STATE OF OHIO
OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

35 North Fourth Street
Columbus, Ohio 43215
Telephone 614-466-3402
800-443-9275
Facsimile 614-728-7199
www.auditor.state.oh.us

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

Village of Valleyview
Franklin County
432 North Richardson Avenue
Columbus, Ohio 43204

To the Village Council:

We have audited the financial statements of the Village of Valleyview, Franklin County, Ohio (the Village) as of and for the years ended December 31, 2001 and December 31, 2000, and have issued our report thereon dated October 4, 2002, wherein we noted the Village was experiencing certain financial difficulties. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards*, which are described in the accompanying schedule of findings as items 2001-30625-001 and 2001-30625-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated October 4, 2002.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Village's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 2001-30625-003 through 2001-30625-005.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be reportable conditions and, accordingly would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated October 4, 2002.

This report is intended solely for the information and use of management and Village Council, and is not intended to be and should not be used by anyone other than these specified parties.



JIM PETRO
Auditor of State

October 4, 2002

**VILLAGE OF VALLEYVIEW
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2001 AND 2000**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number	2001-30625-001
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Findings For Recovery

The Village did not remit \$37,506 of federal income taxes withheld from wages earned by employees to the Internal Revenue Service for tax periods ended December 31, 1998, September 30, 1999, December 31, 1999, March 31, 2000, June 30, 2000, September 30, 2000 and December 31, 2000.

26 USC 3402 (a) states in general, except as otherwise provided in this Section, every employer making payment of wages shall deduct and withhold upon such wages a tax determined in accordance with tables or computational procedures prescribed in this section.

In accordance with the foregoing facts, and pursuant to Ohio Revised Code Section 117.28, a finding for recovery for public money collected but not accounted for is hereby issued against the Village's General fund, Laura Hunt, former Clerk/Treasurer, and Peerless Surety Company, jointly and severally, in the amount of \$23,737, plus penalties and interest, in favor of the Internal Revenue Service.

This amount represents the tax withheld but not remitted for the tax periods ended December 31, 1998, September 30, 1999, December 31, 1999, and March 31, 2000.

Additionally, in accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a finding for recovery for public money collected but not accounted for is hereby issued against the Village's General fund, Debbie Cain, former Clerk/Treasurer, and Peerless Surety Company, jointly and severally, in the amount of \$13,769, plus penalties and interest, in favor of the Internal Revenue Service.

This amount represents the tax withheld but not remitted for the tax periods ended June 30, 2000, September 30, 2000 and December 31, 2000.

Finding Number	2001-30625-002
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Noncompliance Citation- Public Employees Retirement System (PERS)

Ohio Rev. Code Sections 145.01, 145.02, 145.03, 145.47, and 145.48 require the village to enroll most of their employees in the appropriate retirement system, withhold from the employees' wages, or pay on behalf of the employees, a certain percentage of earned wages as defined and to pay over to the appropriate system the amounts withheld, matched with an appropriate percentage of employer matching contributions.

The Village did not disburse to the public employee retirement system all the required employer contributions during 2001 and 2000. As of December 31, 2001, the Village owed Public Employee's Retirement System (PERS) \$22,729. This amount was subsequently paid to the retirement system in April 2002. As of October 4, 2002 the Village is up to date on all the required employer payments to PERS.

We recommend that the Village continue to make the required employer contribution to the retirement system in a timely manner.

**VILLAGE OF VALLEYVIEW
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2001 AND 2000
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number	2001-30625-003
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Reportable Condition- Monitoring Controls

Appropriate financial reports were not provided to the Village Council to provide effective monitoring over financial operations. Lack of effective monitoring has led to operational failures and errors occurring without timely detection by Village Council.

Village Council should monitor the financial operations of the Village regularly. Such monitoring should include review of budget versus actual data, detailed receipt reports, detailed expenditure reports and cash journals. In addition Council should monitor all Mayor's Court activity.

Monitoring should be performed to ensure that management's objectives are being achieved, including operational, legal compliance, and financial control objectives. Effective monitoring should entail identifying unexpected results or exceptions (including significant compliance exceptions), investigating underlying causes, and taking corrective action.

To assist management in detecting potential material financial and/or compliance transactions that may effect financial operations, we recommend the Village Council become more involved in the review and monitoring of the Village financial operations. Some of the methods of monitoring may consist of, but may not be limited to, the following:

- Regular review of monthly budget to actual figures;
- Regular review of financial report summaries of sufficient detail (monthly detailed receipts, expenditures, and fund balance reports and their respective fluctuations);
- Review of receipts/expenditures with independently accumulated information (budgets, past performance, etc.);
- Review of all expenditures;
- Review monthly Mayor's Court reports;
- Review of unusual or significant items, long outstanding items, and;
- Review of monthly bank reconciliations, including Mayor's Court.

Finding Number	2001-30625-004
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Reportable Condition - Posting to the Accounting system

In 2001 and 2000, the Village ledgers did not always reflect proper and timely posting of receipts, expenditures, appropriation measures and estimated resources approved by the Village Council. The council approved appropriation measures and estimated resources were not properly posted to the accounting system. Tax settlement receipts were not posted to the correct fund based on the Police, Fire, and operating levies. The financial statements were adjusted for these errors and adjusting journal entries were posted to the Village accounting system. Several mispostings appeared to be caused by lack of Clerk/Treasurer training on the Uniform Accounting Network (UAN) accounting system and lack of legislative monitoring of financial activity.

VILLAGE OF VALLEYVIEW
FRANKLIN COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2001 AND 2000
(Continued)

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

Finding Number	2001-30625-004 (Continued)
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Reportable Condition - Posting to the Accounting System (Continued)

We recommend entries to the accounting system be completed in a timely manner to the correct funds based on council approval, Ohio law, and advised practices of the Uniform Accounting Network. In addition, we recommend the Clerk/Treasurer attend formal UAN training to gain familiarity with the accounting system and that Village Council monitor financial activity to ensure appropriateness of financial data.

Finding Number	2001-30625-005
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Reportable Condition - Timely Deposit of Cash Receipts

During 2000, monthly Mayor's Court remittances to the General Fund were not being deposited in a timely manner. The Mayor's Court Clerk made timely remittances to the Clerk/Treasurer; however, remittances were not deposited for several months after receipt by the Clerk/Treasurer. As a result, not only is there risk of loss from misplacement, or misappropriation, but the cash is not available for expenditure or investment. We recommend that deposits be made on a daily basis both to improve cash flow and reduce the risk of loss.

**VILLAGE OF VALLEYVIEW
FRANKLIN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2001 AND DECEMBER 31, 2000**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
1999-30625-001	Monitoring Controls by Village Council need to be implemented	No	This reportable condition has been repeated.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

VILLAGE OF VALLEYVIEW

FRANKLIN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
NOVEMBER 12, 2002**