



Mary Taylor, CPA  
Auditor of State



**SPRING VALLEY TOWNSHIP  
GREENE COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Accountants' Report.....	1
Management's Discussion and Analysis For the Year Ended December 31, 2006.....	3
Statement of Net Assets – Cash Basis- December 31, 2006.....	9
Statement of Activities – Cash Basis - For the Year Ended December 31, 2006.....	10
Statement of Cash Basis Assets and Fund Balances Governmental Funds - December 31, 2006.....	11
Statement of Cash Receipts, Disbursements, and Change in Cash Basis Fund Balances – Governmental Funds – For the Year Ended December 31, 2006 .....	12
Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual – Budget Basis – General Fund – For the Year Ended December 31, 2006.....	13
Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual – Budget Basis – Gas Tax Fund For the Year Ended December 31, 2006.....	14
Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual – Budget Basis – Road and Bridge Fund – For the Year Ended December 31, 2006.....	15
Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual – Budget Basis – Fire District Fund – For the Year Ended December 31, 2006.....	16
Notes to the Basic Financial Statements For the Year Ended December 31, 2006.....	17

**SPRING VALLEY TOWNSHIP  
GREENE COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Management's Discussion and Analysis For the Year Ended December 31, 2005.....	27
Statement of Net Assets – Cash Basis- December 31, 2005.....	33
Statement of Activities – Cash Basis - For the Year Ended December 31, 2005.....	34
Statement of Cash Basis Assets and Fund Balances Governmental Funds - December 31, 2005.....	35
Statement of Cash Receipts, Disbursements, and Change in Cash Basis Fund Balances – Governmental Funds – For the Year Ended December 31, 2005.....	36
Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual – Budget Basis – General Fund – For the Year Ended December 31, 2005.....	37
Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual – Budget Basis – Road and Bridge Fund – For the Year Ended December 31, 2005.....	38
Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual – Budget Basis – Fire District Fund – For the Year Ended December 31, 2005.....	39
Notes to the Basic Financial Statements For the Year Ended December 31, 2005.....	41
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	51
Schedule of Findings.....	53



# Mary Taylor, CPA

## Auditor of State

### INDEPENDENT ACCOUNTANTS' REPORT

Spring Valley Township  
Greene County  
2547 US 42 South  
P.O. Box 147  
Spring Valley, Ohio 45370

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Spring Valley Township, Greene County, (the Township), as of and for the years ended December 31, 2006 and 2005, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township'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. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

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 Spring Valley Township, Greene County, as of December 31, 2006 and 2005, and the respective changes in financial position thereof and the respective budgetary comparisons for the General, Road and Bridge, and Fire District; and the Gas Tax (2006 only), for the years then ended in conformity with accounting principles generally accepted in the United States of America.

For the years ended December 31, 2006 and 2005, the Township revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2008, on our consideration of the Township'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.

Management 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.

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

January 31, 2008

**SPRING VALLEY TOWNSHIP  
GREENE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
UNAUDITED**

The discussion and analysis of Spring Valley Township's financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2006, within the limitations of the Township's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

**Highlights**

Key highlights for 2006 are as follows:

- The Township's general receipts are primarily property taxes. These receipts represent 60% of the total cash received for governmental activities during the year.
- Interest in the General Fund was collected in the amount of \$76,565.
- The Trustees voted to purchase a new Fire Engine.

**Using the Basic Financial Statements**

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board Statement No. 34, as applicable to the Township's cash basis of accounting.

**Report Components**

The statement of net assets and the statement of activities provide information about the cash activities of the Township as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Township as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

**Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Township has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

**SPRING VALLEY TOWNSHIP  
GREENE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
UNAUDITED  
(Continued)**

**Reporting the Township as a Whole**

The statement of net assets and the statement of activities reflect how the Township did financially during 2006, within the limitations of cash basis accounting. The statement of net assets presents the cash balances of the governmental activities of the Township at year-end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Township's general receipts.

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the township's financial health. Over time, increases or decreases in the township's cash position is one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other non-financial factors as well such as the Township' property tax base, the condition of the Township's capital assets and infrastructure, the extent of the Township's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property taxes.

**Reporting the Township's Most Significant Funds**

Fund financial statements provide detailed information about the Township's major funds – not the Township as a whole. The Township establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose.

The Township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Township's major governmental funds include the General Fund, Gas Tax Fund, Road and Bridge Fund, and Fire District Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

**SPRING VALLEY TOWNSHIP  
GREENE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
UNAUDITED  
(Continued)**

**The Township as a Whole**

Table 1 provides a summary of the Township's net assets for 2006 compared to 2005 on a cash basis:

**(Table 1)  
Net Assets**

	<b>Governmental Activities</b>	
	<b>2006</b>	<b>2005</b>
<b>Assets</b>		
Cash and Cash Equivalents	\$1,861,338	\$1,679,011
<b>Net Assets</b>		
<b>Restricted for:</b>		
<b>Permanent Fund:</b>		
Expendable	938	1,011
Other Purposes	950,112	749,549
Unrestricted	910,288	928,451
<b>Total Net Assets</b>	<b>\$1,861,338</b>	<b>\$1,679,011</b>

Table 2 reflects the changes in net assets for 2006 compared to 2005 on a cash basis:

**(Table 2)  
Changes in Net Assets**

	<b>Governmental Activities</b>	
	<b>2006</b>	<b>2005</b>
<b>Receipts:</b>		
<b>Program Receipts:</b>		
Charges for Services and Sales	\$ 44,550	\$ 36,000
Operating Grants and Contributions	165,739	158,268
Capital Grants and Contributions		6,740
<b>General Receipts:</b>		
Property and Other Local Taxes	591,103	574,649
Grants and Entitlements Not Restricted to Specific Programs	81,525	586,994
Sales of Fixed Assets	1,913	357
Interest	79,810	33,238
Miscellaneous	5,800	4,903
<b>Total General Receipts</b>	<b>760,151</b>	<b>1,200,141</b>
<b>Total Receipts</b>	<b>970,440</b>	<b>1,401,149</b>

(Continued)

**SPRING VALLEY TOWNSHIP  
GREENE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
UNAUDITED  
(Continued)**

**(Table 2)  
Changes in Net Assets  
(Continued)**

	<b>Governmental Activities</b>	
	<b>2006</b>	<b>2005</b>
<b>Disbursements:</b>		
General Government	186,338	220,390
Public Safety	184,864	176,427
Public Works	326,354	306,910
Health	11,833	15,070
Conservation-Recreation	11,685	16,706
Capital Outlay	67,039	78,574
Total Disbursements	<u>788,113</u>	<u>814,077</u>
Change in Net Assets	182,327	587,072
Net Assets, January 1, 2006	<u>1,679,011</u>	<u>1,091,939</u>
Net Assets, December 31, 2006	<u><u>\$1,861,338</u></u>	<u><u>\$1,679,011</u></u>

Program receipts represent 21.67 percent of total receipts and are primarily comprised of operating grants and contributions. General receipts represent 78.33 percent of the Township's total receipts.

**Governmental Activities**

If you look at the Statement of Activities on page 10, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for Public Works. The next two columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service, which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts, which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

**(Table 3)  
Governmental Activities**

	<b>Total Cost of Services 2006</b>	<b>Net Cost of Services 2006</b>	<b>Total Cost of Services 2005</b>	<b>Net Cost of Services 2005</b>
General Government	\$186,338	(\$173,409)	\$220,390	(\$206,901)
Public Safety	184,864	(149,075)	176,427	(148,149)
Public Works	326,354	(177,372)	306,910	(159,058)
Health	11,833	756	15,070	(4,181)
Conservation-Recreation	11,685	(11,685)	16,706	(16,706)
Other				500
Capital Outlay	67,039	(67,039)	78,574	(78,574)
Total Expenses	<u>\$788,113</u>	<u>(\$577,824)</u>	<u>\$814,077</u>	<u>(\$613,069)</u>

The dependence upon property tax receipts is apparent as many of township activities are supported through these general receipts.

**SPRING VALLEY TOWNSHIP  
GREENE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
UNAUDITED  
(Continued)**

**The Township's Funds**

Total township funds had receipts of \$970,440 and disbursements of \$788,113. The greatest change within township funds occurred within the Fire District Fund. Fire District Fund receipts were greater than disbursements by \$100,955 indicating that the Fire District Fund is in a surplus spending situation as tax revenues were greater than disbursements.

**General Fund Budgeting Highlights**

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

Final disbursements were budgeted at \$1,052,397 while actual disbursements were \$224,713.

**Debt Administration**

At December 31, 2006, the Township's had no outstanding debt.

**Contacting the Township's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Spring Valley Township Fiscal Officer, 2547 US 42 S., P. O. Box 147, Spring Valley, Ohio 45370.

**This page intentionally left blank.**

**SPRING VALLEY TOWNSHIP  
GREENE COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS  
DECEMBER 31, 2006**

	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$1,861,338
Total Assets	<u>1,861,338</u>
<b>Net Assets</b>	
<b>Restricted for:</b>	
<b>Permanent Fund:</b>	
Expendable	938
Other Purposes	950,112
Unrestricted	910,288
Total Net Assets	<u>\$1,861,338</u>

*See accompanying notes to the basic financial statements.*

**SPRING VALLEY TOWNSHIP  
GREENE COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<b>Program Cash Receipts</b>			<b>Net (Disbursements) Receipts and Changes In Net Assets</b>
<b>Cash Disbursements</b>	<b>Charges for Services and Sales</b>	<b>Operating Grants and Contributions</b>	<b>Governmental Activities</b>	
<b>Governmental Activities</b>				
General Government	\$186,338	\$2,499	\$10,430	(\$173,409)
Public Safety	184,864	8,550	27,239	(149,075)
Public Works	326,354	20,912	128,070	(177,372)
Health	11,833	12,589		756
Conservation-Recreation	11,685			(11,685)
Capital Outlay	67,039			(67,039)
<b>Total Governmental Activities</b>	<b>788,113</b>	<b>44,550</b>	<b>165,739</b>	<b>(577,824)</b>
<b>General Receipts</b>				
Property Taxes				583,665
Other Taxes				7,438
Grants and Entitlements not Restricted to Specific Programs				81,525
Sale of Fixed Assets				1,913
Earnings on Investments				79,810
Miscellaneous				5,800
<b>Total General Receipts</b>				<b>760,151</b>
Change in Net Assets				182,327
Net Assets Beginning of Year				1,679,011
Net Assets End of Year				<b>\$1,861,338</b>

*See accompanying notes to the basic financial statements.*

**SPRING VALLEY TOWNSHIP  
GREENE COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2006**

	<u>General</u>	<u>Gas Tax</u>	<u>Road and Bridge</u>	<u>Fire District</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>Assets</b>						
Equity in Pooled Cash and Cash Equivalents	\$910,288	\$58,548	\$164,515	\$538,175	\$189,812	\$1,861,338
Total Assets	<u>910,288</u>	<u>58,548</u>	<u>164,515</u>	<u>538,175</u>	<u>189,812</u>	<u>1,861,338</u>
<b>Fund Balances</b>						
<b>Reserved:</b>						
Reserved for Encumbrances	419		282	420,644		421,345
<b>Unreserved:</b>						
Undesignated, Reported in:						
General Fund	909,869					909,869
Special Revenue Funds		58,548	164,233	117,531	188,874	529,186
Permanent Fund					938	938
Total Fund Balances	<u>\$910,288</u>	<u>\$58,548</u>	<u>\$164,515</u>	<u>\$538,175</u>	<u>\$189,812</u>	<u>\$1,861,338</u>

See accompanying notes to the basic financial statements.

**SPRING VALLEY TOWNSHIP  
GREENE COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BASIS FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>General</u>	<u>Gas Tax</u>	<u>Road and Bridge</u>	<u>Fire District</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>Receipts</b>						
Property and Other Local Taxes	\$58,125		\$225,621	\$242,177	\$86,092	\$612,015
					8,550	8,550
Licenses, Permits and Fees	2,211				7,923	10,134
Fines and Forfeitures	405					405
Intergovernmental	68,826	\$86,202	29,355	40,997	21,056	246,436
Earnings on Investments	76,565	2,156			1,089	79,810
Miscellaneous			6,627		4,550	11,177
Total Receipts	<u>206,132</u>	<u>88,358</u>	<u>261,603</u>	<u>283,174</u>	<u>129,260</u>	<u>968,527</u>
<b>Disbursements</b>						
<b>Current:</b>						
General Government	155,970				30,368	186,338
Public Safety				165,518	19,346	184,864
Public Works	13,870	79,409	202,926		30,149	326,354
Health	6,342				5,491	11,833
Conservation-Recreation	11,685					11,685
Capital Outlay	36,428	3,910	10,000	16,701		67,039
Total Disbursements	<u>224,295</u>	<u>83,319</u>	<u>212,926</u>	<u>182,219</u>	<u>85,354</u>	<u>788,113</u>
Excess of Receipts Over (Under) Disbursements	<u>(18,163)</u>	<u>5,039</u>	<u>48,677</u>	<u>100,955</u>	<u>43,906</u>	<u>180,414</u>
<b>Other Financing Sources</b>						
Sale of Fixed Assets			1,912	1		1,913
Total Other Financing Sources			<u>1,912</u>	<u>1</u>		<u>1,913</u>
Net Change in Fund Balances	(18,163)	5,039	50,589	100,956	43,906	182,327
Fund Balances Beginning of Year	<u>928,451</u>	<u>53,509</u>	<u>113,926</u>	<u>437,219</u>	<u>145,906</u>	<u>1,679,011</u>
Fund Balances End of Year	<u>\$910,288</u>	<u>\$58,548</u>	<u>\$164,515</u>	<u>\$538,175</u>	<u>\$189,812</u>	<u>\$1,861,338</u>

See accompanying notes to the basic financial statements.

**SPRING VALLEY TOWNSHIP  
GREENE COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL-BUDGET BASIS  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Property and Other Local Taxes	\$51,000	\$51,000	\$58,125	\$7,125
Licenses, Permits and Fees	3,765	3,765	2,211	(1,554)
Fines and Forfeitures	300	300	405	105
Intergovernmental	51,435	56,064	68,826	12,762
Earnings on Investments	4,000	4,000	76,565	72,565
Total receipts	<u>110,500</u>	<u>115,129</u>	<u>206,132</u>	<u>91,003</u>
<b>Disbursements</b>				
<b>Current:</b>				
General Government	704,387	679,337	156,388	522,949
Public Works	200,000	200,000	13,870	186,130
Health	12,000	12,000	6,342	5,658
Conservation-Recreation	20,010	20,060	11,685	8,375
Capital Outlay	116,000	141,000	36,428	104,572
Total Disbursements	<u>1,052,397</u>	<u>1,052,397</u>	<u>224,713</u>	<u>827,684</u>
Excess of Receipts Over (Under) Disbursements	(941,897)	(937,268)	(18,581)	918,687
Fund Balance Beginning of Year	927,995	927,995	927,995	
Prior Year Encumbrances Appropriated	<u>456</u>	<u>456</u>	<u>456</u>	
Fund Balance End of Year	<u>(\$13,446)</u>	<u>(\$8,817)</u>	<u>\$909,870</u>	<u>\$918,687</u>

*See accompanying notes to the basic financial statements.*

**SPRING VALLEY TOWNSHIP  
GREENE COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL-BUDGET BASIS  
GAS TAX FUND  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Intergovernmental	\$58,000	\$58,000	\$86,202	\$28,202
Earnings on Investments	100	100	2,156	2,056
Total receipts	<u>58,100</u>	<u>58,100</u>	<u>88,358</u>	<u>30,258</u>
<b>Disbursements</b>				
Current:				
Public Works	94,603	100,603	79,409	21,194
Capital Outlay	10,000	4,000	3,910	90
Total Disbursements	<u>104,603</u>	<u>104,603</u>	<u>83,319</u>	<u>21,284</u>
Excess of Receipts Over (Under) Disbursements	<u>(46,503)</u>	<u>(46,503)</u>	<u>5,039</u>	<u>51,542</u>
Fund Balance Beginning of Year	53,509	53,509	53,509	
Fund Balance End of Year	<u>\$7,006</u>	<u>\$7,006</u>	<u>\$58,548</u>	<u>51,542</u>

*See accompanying notes to the basic financial statements.*

**SPRING VALLEY TOWNSHIP  
GREENE COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL-BUDGET BASIS  
ROAD AND BRIDGE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts</b>				
Property and Other Local Taxes	\$209,000	\$209,000	\$225,621	\$16,621
Intergovernmental	23,000	39,595	29,355	(10,240)
Miscellaneous	6,600	6,600	6,627	27
Total receipts	<u>238,600</u>	<u>255,195</u>	<u>261,603</u>	<u>6,408</u>
<b>Disbursements</b>				
<b>Current:</b>				
Public Works	334,809	334,809	203,208	131,601
Capital Outlay	10,000	10,000	10,000	
Total Disbursements	<u>344,809</u>	<u>344,809</u>	<u>213,208</u>	<u>131,601</u>
Excess of Receipts Over (Under) Disbursements	<u>(106,209)</u>	<u>(89,614)</u>	<u>48,395</u>	<u>138,009</u>
<b>Other Financing Sources</b>				
Sale of Fixed Assets			1,913	1,913
Total Other Financing Sources			<u>1,913</u>	<u>1,913</u>
Net Change in Fund Balance	(106,209)	(89,614)	50,308	139,922
Fund Balance Beginning of Year	113,481	113,481	113,481	
Prior Year Encumbrances Appropriated	444	444	444	
Fund Balance End of Year	<u>\$7,716</u>	<u>\$24,311</u>	<u>\$164,233</u>	<u>\$139,922</u>

*See accompanying notes to the basic financial statements.*

**SPRING VALLEY TOWNSHIP  
GREENE COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL-BUDGET BASIS  
FIRE DISTRICT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Property and Other Local Taxes	\$223,000	\$223,000	\$242,177	\$19,177
Intergovernmental	24,500	43,285	40,997	(2,288)
Total receipts	<u>247,500</u>	<u>266,285</u>	<u>283,174</u>	<u>16,889</u>
<b>Disbursements</b>				
<b>Current:</b>				
Public Safety	338,401	232,861	165,622	67,239
Capital Outlay	346,250	451,790	437,241	14,549
Total Disbursements	<u>684,651</u>	<u>684,651</u>	<u>602,863</u>	<u>81,788</u>
Excess of Receipts (Under) Disbursements	<u>(437,151)</u>	<u>(418,366)</u>	<u>(319,689)</u>	<u>98,677</u>
Fund Balance Beginning of Year	437,176	437,176	437,176	
Prior Year Encumbrances Appropriated	<u>42</u>	<u>42</u>	<u>42</u>	
Fund Balance End of Year	<u><u>\$67</u></u>	<u><u>\$18,852</u></u>	<u><u>\$117,529</u></u>	<u><u>\$98,677</u></u>

*See accompanying notes to the basic financial statements.*

**SPRING VALLEY TOWNSHIP  
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006**

**1. REPORTING ENTITY**

The Township of Spring Valley, Greene County, Ohio, (the Township) is a body politic and corporate established in 1856 to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly elected three-member Board of Trustees. The Township also has an elected Township Fiscal Officer.

The reporting entity is comprised of the primary government, component units and other organizations that were included to ensure that the financial statements are not misleading.

**A. Primary Government**

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, maintenance of Township roads and bridges, cemetery maintenance, and provides fire and EMS coverage. Police protection is provided by the Greene County Sheriff's Office.

**B. Component Units**

Spring Valley Township has no Component Units

**C. Joint Ventures, Jointly Governed Organizations and Public Entity Risk Pools**

Spring Valley Township has no Joint Ventures.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Township's accounting policies.

**A. Basis of Presentation**

The Township's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**1. Government-Wide Financial Statements**

The statement of net assets and the statement of activities display information about the Township as a whole. The statements distinguish between those activities of the Township that are governmental and those that are business-type. The Township has no business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

**SPRING VALLEY TOWNSHIP  
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
(Continued)**

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

The statement of net assets presents the cash balances of the Township at year end. The statement of activities compares disbursements with program receipts for each of the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational requirements of a particular program and receipts of interest earned on grants that is required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function activity is self-financing on a cash basis or draws from the Township's general receipts.

**2. Fund Financial Statements**

During the year, the Township segregates transactions related to certain Township functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

**B. Fund Accounting**

The Township uses fund accounting 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. Funds are used to segregate resources that are restricted as to use. Some Townships have three categories of funds: governmental, proprietary and fiduciary. The Township only has Governmental funds.

**1. Governmental Funds**

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Township's major governmental funds are the General Fund, Gas Tax Fund, Road & Bridge Fund and Fire 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 to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

The other governmental funds of the Township account for grants and other resources whose use is restricted to a particular purpose.

**C. Basis of Accounting**

The Township's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Township are described in the appropriate section in this note.

**SPRING VALLEY TOWNSHIP  
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
(Continued)**

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

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

**D. Budgetary Process**

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Township may appropriate.

The appropriations resolution is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Township Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Township.

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

**E. Cash and Investments**

To improve cash management, cash received by the Township is pooled and invested. Individual fund integrity is maintained through Township records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Investments of the cash management pool are presented on the financial statements as cash equivalents. 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 negative receipts, respectively.

During 2006, the Township invested in an mutual fund investment sweep account. The account was closed at the end of the fiscal year.

Interest earnings are allocated to Township funds according to State statutes. Interest receipts credited to the General Fund during 2006 was \$76,565.

**SPRING VALLEY TOWNSHIP  
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
(Continued)**

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

**F. Capital Assets**

Acquisitions of equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

**G. Accumulated Leave**

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

**H. Employer Contributions to Cost-Sharing Pension Plans**

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**I. Long-Term Obligations**

The Township has no Long-Term Obligations.

**J. Net Assets**

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for each fund, except for the general fund.

The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

**K. Interfund Transactions**

Transfers between governmental activities on the government-wide financial statements are reported in the same manner as general receipts.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies 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 disbursements to the funds that initially paid for them are not presented in the financial statements.

**L. Fund Balance Reserves**

The Township reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Fund balance reserves have been established for encumbrances.

**SPRING VALLEY TOWNSHIP  
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
(Continued)**

**3. CHANGE IN BASIS OF ACCOUNTING AND RESTATEMENT OF FUND EQUITY**

For the fiscal year ended December 31, 2006, the Township has implemented GASB Statement No. 46 for net assets restricted by enabling legislation. Statement No. 46 establishes that any amount of the primary government's net assets at the end of the reporting period restricted by enabling legislation should be disclosed in the notes to the financial statements.

**4. BUDGETARY BASIS OF ACCOUNTING**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund and other major special revenue funds are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis) (and outstanding year end advances are treated as another financing source or use (budgetary basis) rather than as an interfund receivable or payable (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$419 for the General Fund, \$282 for the Road and Bridge Fund and \$420,644 for the Fire District Fund. There were no outstanding advances at year end.

**5. DEPOSITS AND INVESTMENTS**

Monies held by the Township are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Township treasury. Active monies must be maintained either as cash in the Township 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 Trustees have 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 held by the Township can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, 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;

**SPRING VALLEY TOWNSHIP  
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
(Continued)**

**5. DEPOSITS AND INVESTMENTS (Continued)**

2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

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 Township, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

**A. Deposits**

Custodial credit risk is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$1,778,913 of the Township's bank balance of \$1,879,851 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name.

The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Township or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

**B. Investments**

The Township had no investments at year end.

**SPRING VALLEY TOWNSHIP  
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
(Continued)**

**6. PROPERTY TAXES**

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in 2006 represent the collection of 2005 taxes. Real property taxes received in 2006 were levied after October 1, 2005, on the assessed values as of January 1, 2005, 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 receipts received in 2006 represent the collection of 2005 taxes. Public utility real and tangible personal property taxes received in 2005 became a lien on December 31, 2004, were levied after October 1, 2005, 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 receipts received in 2006 (other than public utility property) represent the collection of 2005 taxes. Tangible personal property taxes received in 2006 were levied after October 1, 2005, on the true value as of December 31, 2005. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Township operations for the year ended December 31, 2006, was \$14.5 mills per \$1,000 of assessed value.

Real Property	
Residential	\$54,520,460
Tangible Personal Property	
Business	1,570,694
Public Utility	3,968,420
Total Assessed Value	<u><u>\$60,059,574</u></u>

**7. RISK MANAGEMENT**

**Risk Pool Membership**

The Township belongs to the Ohio Government Risk Management Plan (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to over 550 Ohio governments ("Members").

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each Member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the Member's deductible.

**SPRING VALLEY TOWNSHIP  
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
(Continued)**

**7. RISK MANAGEMENT (Continued)**

The Plan issues its own policies and reinsures the Plan with A- VII or better rated carriers, except for the 15% casualty and the 10% property portions the Plan retains. The Plan retains the lesser of 15% or \$37,500 of casualty losses and the lesser of 10% or \$100,000 of property losses. Individual Members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31:

	<u>2006</u>	<u>2005</u>
Assets	\$9,620,148	\$8,219,430
Liabilities	(3,329,620)	(2,748,639)
Members' Equity	<u>\$6,290,528</u>	<u>\$5,470,791</u>

You can read the complete audited financial statements for The Ohio Government Risk Management Plan at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**8. DEFINED BENEFIT PENSION PLAN**

**Ohio Public Employees Retirement System**

The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

**SPRING VALLEY TOWNSHIP  
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
(Continued)**

**8. DEFINED BENEFIT PENSION PLAN (Continued)**

For the year ended December 31, 2006, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 9 percent of their annual covered salaries. The Township's contribution rate for pension benefits for 2006 was 13.70 percent. There are no employees/members in law enforcement or public safety. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2006 and 2005 were \$24,070 and \$23,744 respectively. The full amount has been contributed for 2006 and 2005. There were no member directed plans.

**9. POST-EMPLOYMENT BENEFITS**

**Ohio Public Employees Retirement System**

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2006 local government employer contribution rate was 13.70 percent of covered payroll; 4.50 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2005, include a rate of return on investments of 6.50 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.30 percent based on additional annual pay increases. Health care premiums were assumed to increase between .50 and 6.00 percent annually for the next nine years and 4.00 percent annually after nine years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12% corridor.

The number of active contributing participants in the traditional and combined plans was 369,214. Actual employer contributions for 2006 which were used to fund postemployment benefits were \$7,906. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2005, (the latest information available) were \$11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$31.3 billion and \$20.2 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. To improve solvency of the Health Care Fund, OPERS created a separate investment pool for health care assets. Member and employer contribution rates increased as of January 1, 2006 and January 1, 2007, which will allow additional funds to be allocated to the health care plan.

**SPRING VALLEY TOWNSHIP  
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
(Continued)**

**10. DEBT**

The Township has no debt or leases during 2006.

**11. INTERFUND TRANSFERS**

There were no Interfund Transfers during the year 2006.

**12. CONTINGENT LIABILITIES**

There are currently no lawsuits with the Township.

Amounts grantor agencies pay to the Township are subject to audit and adjustment by the grantor, principally the federal government. Grantors 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.

**13. SUBSEQUENT EVENTS**

In March 2007, the Ohio Public Works Commission (OPWC) approved \$699,216 for the Krepps Road Project.

**14. ACCOUNTABILITY AND COMPLIANCE**

The Township did not comply with Ohio Admin. Code 117-2-02(C)(1) and Ohio Rev. Code Section 5705.38(C) regarding appropriating funds at the minimum required legal level of control.

**SPRING VALLEY TOWNSHIP  
GREENE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
UNAUDITED**

The discussion and analysis of Spring Valley Township's financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2005, within the limitations of the Township's cash accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

**Highlights**

Key highlights for 2005 are as follows:

- The Township's general receipts are primarily property taxes. These receipts represent 41% of the total cash received for governmental activities during the year.
- Estate taxes were received in the amount of \$529,349.

**Using the Basic Financial Statements**

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board Statement No. 34, as applicable to the Township's cash basis of accounting.

**Report Components**

The statement of net assets and the statement of activities provide information about the cash activities of the Township as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Township as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

**Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Township has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

**SPRING VALLEY TOWNSHIP  
GREENE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
UNAUDITED  
(Continued)**

**Reporting the Township as a Whole**

The statement of net assets and the statement of activities reflect how the Township did financially during 2005, within the limitations of cash basis accounting. The statement of net assets presents the cash balances of the governmental activities of the Township at year-end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Township's general receipts.

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the township's financial health. Over time, increases or decreases in the township's cash position is one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other non-financial factors as well such as the Township' property tax base, the condition of the Township's capital assets and infrastructure, the extent of the Township's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and income taxes.

**Reporting the Township's Most Significant Funds**

Fund financial statements provide detailed information about the Township's major funds – not the Township as a whole. The Township establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose.

The Township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Township's major governmental funds include General Fund, Road and Bridge Fund, and Fire District Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

**SPRING VALLEY TOWNSHIP  
GREENE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
UNAUDITED  
(Continued)**

**The Township as a Whole**

Table 1 provides a summary of the Township's net assets for 2005. Since the Township did not prepare financial statement in this format for 2004, a comparative analysis of government-wide data has not been presented. In future years, when prior year information is available, a comparative analysis will be presented:

**(Table 1)  
Net Assets**

	<b>Governmental Activities 2005</b>
<b>Assets</b>	
Cash and Cash Equivalents	\$1,679,011
Total Assets	1,679,011
<b>Net Assets</b>	
<b>Restricted for:</b>	
<b>Permanent Fund:</b>	
Expendable	1,011
Other Purposes	749,549
Unrestricted	928,451
Total Net Assets	\$1,679,011

Table 2 reflects the changes in net assets in 2005. Since the Township did not prepare financial statement in this format for 2004, a comparative analysis of government-wide data has not been presented. In future years, when prior year information is available, a comparative analysis will be presented.

**(Table 2)  
Changes in Net Assets**

	<b>Governmental Activities 2005</b>
<b>Receipts:</b>	
<b>Program Receipts:</b>	
Charges for Services and Sales	\$ 36,000
Operating Grants and Contributions	158,268
Capital Grants and Contributions	6,740
Total Program Receipts	201,008
<b>General Receipts:</b>	
Property and Other Local Taxes	574,649
Grants and Entitlements Not Restricted to Specific Programs	586,994
Sales of Fixed Assets	357
Interest	33,238
Miscellaneous	4,903
Total General Receipts	1,200,141
Total Receipts	1,401,149

(Continued)

**SPRING VALLEY TOWNSHIP  
GREENE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
UNAUDITED  
(Continued)**

**(Table 2)  
Changes in Net Assets  
(Continued)**

	<b>Governmental Activities 2005</b>
<b>Disbursements:</b>	
General Government	220,390
Public Safety	176,427
Public Works	306,910
Health	15,070
Conservation-Recreation	16,706
Capital Outlay	78,574
Total Disbursements	<u>814,077</u>
Change in Net Assets	587,072
Net Assets, January 1, 2005	1,091,939
Net Assets, December 31, 2005	<u><u>\$1,679,011</u></u>

Program receipts represent 14.35 percent of total receipts and are primarily comprised of operating grants and contributions. General receipts represent 85.65 percent of the Township's total receipts.

**Governmental Activities**

If you look at the Statement of Activities on page 34, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for Public Works. The next two columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service, which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts, which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

**(Table 3)  
Governmental Activities**

	<b>Total Cost of Services 2005</b>	<b>Net Cost of Services 2005</b>
General Government	\$220,390	(\$206,901)
Public Safety	176,427	(148,149)
Public Works	306,910	(159,058)
Health	15,070	(4,181)
Conservation-Recreation	16,706	(16,706)
Other		500
Capital Outlay	78,574	(78,574)
Total Expenses	<u><u>\$814,077</u></u>	<u><u>(\$613,069)</u></u>

The dependence upon property tax receipts is apparent as many of township activities are supported through these general receipts.

**SPRING VALLEY TOWNSHIP  
GREENE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
UNAUDITED  
(Continued)**

**The Township's Funds**

Total township funds had receipts of \$1,407,889 and disbursements of \$820,817. The greatest change within township funds occurred within the General Fund. General Fund receipts were more than disbursements by \$464,262 indicating that the General Fund is in a surplus spending situation due to an unexpected estate tax receipt.

**General Fund Budgeting Highlights**

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

Final disbursements were budgeted at \$575,379 while actual disbursements were \$209,236.

**Debt Administration**

At December 31, 2005, the Township's had no outstanding debt.

**Contacting the Township's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Spring Valley Township Fiscal Officer, 2547 US 42 S., P. O. Box 147, Spring Valley, Ohio 45370.

**This page intentionally left blank.**

**SPRING VALLEY TOWNSHIP  
GREENE COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS  
DECEMBER 31, 2005**

	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$1,679,011
Total Assets	<u>1,679,011</u>
<b>Net Assets</b>	
<b>Restricted for:</b>	
<b>Permanent Fund:</b>	
Expendable	1,011
Other Purposes	749,549
Unrestricted	928,451
Total Net Assets	<u>\$1,679,011</u>

*See accompanying notes to the basic financial statements.*

**SPRING VALLEY TOWNSHIP  
GREENE COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Program Cash Receipts</u>			<u>Net (Disbursements) Receipts and Changes in Net Assets</u>	
	<u>Cash Disbursements</u>	<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
<b>Governmental Activities</b>					
General Government	\$220,390	\$3,062	\$10,427		(\$206,901)
Public Safety	176,427		28,278		(148,149)
Public Works	306,910	21,549	119,563	\$6,740	(159,058)
Health	15,070	10,889			(4,181)
Conservation-Recreation	16,706				(16,706)
Other		500			500
Capital Outlay	<u>78,574</u>				<u>(78,574)</u>
Total Governmental Activities	<u>814,077</u>	<u>36,000</u>	<u>158,268</u>	<u>6,740</u>	<u>(613,069)</u>
<b>General Receipts</b>					
Property Taxes					569,804
Other Taxes					4,845
Grants and Entitlements not Restricted to Specific Programs					586,994
Sale of Fixed Assets					357
Earnings on Investments					33,238
Miscellaneous					<u>4,903</u>
Total General Receipts					<u>1,200,141</u>
Change in Net Assets					587,072
Net Assets Beginning of Year					<u>1,091,939</u>
Net Assets End of Year					<u>\$1,679,011</u>

See accompanying notes to the basic financial statements.

**SPRING VALLEY TOWNSHIP  
GREENE COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2005**

	<u>General</u>	<u>Road and Bridge</u>	<u>Fire District</u>	<u>Other Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$928,451	\$113,926	\$437,219	\$199,415	\$1,679,011
Total Assets	<u>928,451</u>	<u>113,926</u>	<u>437,219</u>	<u>199,415</u>	<u>1,679,011</u>
<b>Fund Balances</b>					
<b>Reserved:</b>					
Reserved for Encumbrances	456	445	43		944
<b>Unreserved:</b>					
Undesignated, Reported in:					
General Fund	927,995				927,995
Special Revenue Funds		113,481	437,176	198,404	749,061
Permanent Fund				1,011	1,011
Total Fund Balances	<u>\$928,451</u>	<u>\$113,926</u>	<u>\$437,219</u>	<u>\$199,415</u>	<u>\$1,679,011</u>

See accompanying notes to the basic financial statements.

**SPRING VALLEY TOWNSHIP  
GREENE COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BASIS FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>General</u>	<u>Road and Bridge</u>	<u>Fire District</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>Receipts</b>					
Property and Other Local Taxes	\$54,894	\$217,849	\$239,501	\$83,879	\$596,123
Licenses, Permits and Fees	2,635	75		8,039	10,749
Fines and Forfeitures	428				428
Intergovernmental	583,332	28,564	30,655	107,727	750,278
Earnings on Investments	31,753			1,485	33,238
Miscellaneous		6,626		3,350	9,976
Total Receipts	<u>673,042</u>	<u>253,114</u>	<u>270,156</u>	<u>204,480</u>	<u>1,400,792</u>
<b>Disbursements</b>					
Current:					
General Government	185,476			34,914	220,390
Public Safety			156,055	20,372	176,427
Public Works		222,635		84,275	306,910
Health	6,343			8,727	15,070
Conservation-Recreation	16,706				16,706
Capital Outlay	255	1,990	72,358	3,971	78,574
Total Disbursements	<u>208,780</u>	<u>224,625</u>	<u>228,413</u>	<u>152,259</u>	<u>814,077</u>
Excess of Receipts Over Disbursements	<u>464,262</u>	<u>28,489</u>	<u>41,743</u>	<u>52,221</u>	<u>586,715</u>
Other Financing Sources/(Uses)					
Sale of Fixed Assets	357				357
Transfers In		6,740			6,740
Transfers Out				(6,740)	(6,740)
Total Other Financing Sources/(Uses)	<u>357</u>	<u>6,740</u>		<u>(6,740)</u>	<u>357</u>
Net Change in Fund Balances	464,619	35,229	41,743	45,481	587,072
Fund Balances Beginning of Year	<u>463,832</u>	<u>78,697</u>	<u>395,476</u>	<u>153,934</u>	<u>1,091,939</u>
Fund Balances End of Year	<u>\$928,451</u>	<u>\$113,926</u>	<u>\$437,219</u>	<u>\$199,415</u>	<u>\$1,679,011</u>

*See accompanying notes to the basic financial statements.*

**SPRING VALLEY TOWNSHIP  
GREENE COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL-BUDGET BASIS  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>
<b>Receipts</b>				
Property and Other Local Taxes	\$46,312	\$46,312	\$54,894	\$8,582
Licenses, Permits and Fees	3,765	3,765	2,635	(1,130)
Fines and Forfeitures	300	300	428	128
Intergovernmental	57,711	57,711	583,332	525,621
Earnings on Investments	4,000	4,000	31,753	27,753
Total receipts	<u>112,088</u>	<u>112,088</u>	<u>673,042</u>	<u>560,954</u>
<b>Disbursements</b>				
<b>Current:</b>				
General Government	526,406	526,406	185,932	340,474
Health	12,000	12,000	6,343	5,657
Conservation-Recreation	32,973	32,973	16,706	16,267
Capital Outlay	4,000	4,000	255	3,745
Total Disbursements	<u>575,379</u>	<u>575,379</u>	<u>209,236</u>	<u>366,143</u>
Excess of Receipts Over (Under) Disbursements	<u>(463,291)</u>	<u>(463,291)</u>	<u>463,806</u>	<u>927,097</u>
<b>Other Financing Sources</b>				
Sale of Fixed Assets	<u>          </u>	<u>          </u>	357	357
Total Other Financing Sources	<u>          </u>	<u>          </u>	<u>357</u>	<u>357</u>
Net Change in Fund Balance	(463,291)	(463,291)	464,163	927,454
Fund Balance Beginning of Year	463,492	463,492	463,492	
Prior Year Encumbrances Appropriated	<u>340</u>	<u>340</u>	<u>340</u>	
Fund Balance End of Year	<u>\$541</u>	<u>\$541</u>	<u>\$927,995</u>	<u>\$927,454</u>

*See accompanying notes to the basic financial statements.*

**SPRING VALLEY TOWNSHIP  
GREENE COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL-BUDGET BASIS  
ROAD AND BRIDGE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Positive (Negative)</u>
<b>Receipts</b>				
Property and Other Local Taxes	\$200,125	\$200,125	\$217,849	\$17,724
Licenses, Permits and Fees			75	75
Intergovernmental	27,875	27,875	28,564	689
Miscellaneous	6,600	6,600	6,626	26
Total receipts	<u>234,600</u>	<u>234,600</u>	<u>253,114</u>	<u>18,514</u>
<b>Disbursements</b>				
<b>Current:</b>				
Public Works	302,743	303,091	223,080	80,011
Capital Outlay	10,000	9,652	1,990	7,662
Total Disbursements	<u>312,743</u>	<u>312,743</u>	<u>225,070</u>	<u>87,673</u>
Excess of Receipts Over (Under) Disbursements	<u>(78,143)</u>	<u>(78,143)</u>	<u>28,044</u>	<u>106,187</u>
<b>Other Financing Sources</b>				
Transfers In			6,740	6,740
Total Other Financing Sources			<u>6,740</u>	<u>6,740</u>
Net Change in Fund Balance	(78,143)	(78,143)	34,784	112,927
Fund Balance Beginning of Year	78,349	78,349	78,349	
Prior Year Encumbrances Appropriated	348	348	348	
Fund Balance End of Year	<u>\$554</u>	<u>\$554</u>	<u>\$113,481</u>	<u>\$112,927</u>

See accompanying notes to the basic financial statements.

**SPRING VALLEY TOWNSHIP  
GREENE COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL-BUDGET BASIS  
FIRE DISTRICT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts</b>				
Licenses, Permits and Fees	\$219,375	\$219,375	\$239,501	\$20,126
Intergovernmental	30,625	30,625	30,655	30
Total receipts	<u>250,000</u>	<u>250,000</u>	<u>270,156</u>	<u>20,156</u>
<b>Disbursements</b>				
<b>Current:</b>				
Public Safety	395,373	395,373	156,097	239,276
Capital Outlay	250,000	250,000	72,358	177,642
Total Disbursements	<u>645,373</u>	<u>645,373</u>	<u>228,455</u>	<u>416,918</u>
Excess of Receipts Over (Under) Disbursements	(395,373)	(395,373)	41,701	437,074
Fund Balance Beginning of Year	395,411	395,411	395,411	
Prior Year Encumbrances Appropriated	<u>64</u>	<u>64</u>	<u>64</u>	
Fund Balance End of Year	<u>\$102</u>	<u>\$102</u>	<u>\$437,176</u>	<u>\$437,074</u>

*See accompanying notes to the basic financial statements.*

**This page intentionally left blank.**

**SPRING VALLEY TOWNSHIP  
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

**1. REPORTING ENTITY**

The Township of Spring Valley, Greene County, Ohio, (the Township) is a body politic and corporate established in 1856 to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly elected three-member Board of Trustees. The Township also has an elected Township Clerk/Fiscal Officer.

The reporting entity is comprised of the primary government, component units and other organizations that were included to ensure that the financial statements are not misleading.

**A. Primary Government**

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, maintenance of Township roads and bridges, cemetery maintenance, and provides fire and EMS coverage. Police protection is provided by the Greene County Sheriff's Office.

**B. Component Units**

Spring Valley Township has no Components Units.

**C. Joint Ventures**

Spring Valley Township has no Joint Ventures.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Township's accounting policies.

**A. Basis of Presentation**

The Township's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**1. Government-Wide Financial Statements**

The statement of net assets and the statement of activities display information about the Township as a whole. The statements distinguish between those activities of the Township that are governmental. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions.

**SPRING VALLEY TOWNSHIP  
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
(Continued)**

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

The statement of net assets presents the cash balance of the Township at year end. The statement of activities compares disbursements with program receipts for each of the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that is required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function activity is self-financing on a cash basis or draws from the Township's general receipts.

**2. Fund Financial Statements**

During the year, the Township segregates transactions related to certain Township functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

**B. Fund Accounting**

The Township uses fund accounting 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. Funds are used to segregate resources that are restricted as to use. Some Townships have three categories of funds: governmental, proprietary and fiduciary. Spring Valley Township only has governmental funds.

**1. Governmental Funds**

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other non-exchange transactions as governmental funds. The Township's major governmental funds are the General Fund, Road & Bridge Fund, and Fire District 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 to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

The other funds of the Township account for grants and other resources whose use is restricted to a particular purpose.

**C. Basis of Accounting**

The Township's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Township are described in the appropriate section in this note.

**SPRING VALLEY TOWNSHIP  
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
(Continued)**

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

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

**D. Budgetary Process**

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Township may appropriate.

The appropriations resolution is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund, department, and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Township Clerk. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Township.

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

**E. Cash and Investments**

To improve cash management, cash received by the Township is pooled and invested. Individual fund integrity is maintained through Township records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Investments of the cash management pool are presented on the financial statements as cash equivalents. Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investment are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

During 2005, the Township invested in a mutual fund investment sweep account. The Township's sweep account investments are recorded at the fair value.

Interest earnings are allocated to Township funds according to State statutes. Interest receipts credited to the General Fund during 2005 was \$31,753.

**SPRING VALLEY TOWNSHIP  
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
(Continued)**

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

**F. Capital Assets**

Acquisitions of equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

**G. Accumulated Leave**

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

**H. Employer Contributions to Cost-Sharing Pension Plans**

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**I. Long-Term Obligations**

The Township has no Long-Term Obligations for 2005.

**J. Net Assets**

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for each fund, except for the general fund.

The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

**K. Interfund Transactions**

Transfers between governmental activities on the government-wide financial statements are reported in the same manner as general receipts.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies 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 disbursements to the funds that initially paid for them are not presented in the financial statements.

**L. Fund Balance Reserves**

The Township reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Fund balance reserves have been established for encumbrances.

**SPRING VALLEY TOWNSHIP  
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
(Continued)**

**3. CHANGE IN BASIS OF ACCOUNTING AND RESTATEMENT OF FUND EQUITY**

Last year the Township reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. This year the Township has implemented the cash basis of accounting described in note 2. The fund financial statements now present each major fund in a separate column with non-major funds aggregated and presented in a single column, rather than a column for each fund type.

The Township does not have any report of inventory, prepaid items, interfund receivable, (payables), capital assets, and long-term debt as part of the cash basis of accounting.

**4. BUDGETARY BASIS OF ACCOUNTING**

The budgetary basis, by law, is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance—Budget and Actual—Budgetary Basis presented for the general fund and other major special revenue funds are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis) (and outstanding year end advances are treated as an other financing source or use (budgetary basis) rather than as an interfund receivable or payable (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$456 for the General Fund, \$445 for the Road and Bridge Fund and \$43 in the Fire District Fund. There were no outstanding advances at year end.

**5. DEPOSITS AND INVESTMENTS**

Monies held by the Township are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Township treasury. Active monies must be maintained either as cash in the Township 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 Trustees have 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 held by the Township can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, 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;

**SPRING VALLEY TOWNSHIP  
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
(Continued)**

**5. DEPOSITS AND INVESTMENTS (Continued)**

2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

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 Township, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

**A. Deposits**

Custodial credit risk is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, none of the Township's bank balance of \$101,010 was exposed to custodial credit risk.

The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Township or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

**B. Investments**

As of December 31, 2005, the Township's only investment was in Mutual Fund Investment Sweep Account (Victory Federal Money Market Fund) for \$1,603,318. The fund's average maturity is 28 days and carries a rating of AAAM by Standard and Poor's.

Interest rate risk arises when the fair value of investments changes as interest rates change. The Township's investment policy does not address interest rate risk.

**SPRING VALLEY TOWNSHIP  
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
(Continued)**

**5. DEPOSITS AND INVESTMENTS (Continued)**

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Township has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which states, "Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasure, governing board, or qualified trustee."

**6. PROPERTY TAXES**

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in 2005 represent the collection of 2004 taxes. Real property taxes received in 2005 were levied after October 1, 2004, on the assessed values as of January 1, 2004, 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 receipts received in 2005 represent the collection of 2004 taxes. Public utility real and tangible personal property taxes received in 2005 became a lien on December 31, 2004, were levied after October 1, 2005, 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 receipts received in 2005 (other than public utility property) represent the collection of 2005 taxes. Tangible personal property taxes received in 2005 were levied after October 1, 2004, on the true value as of December 31, 2004. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Township operations for the year ended December 31, 2005, was \$14.50 per \$1,000 of assessed value.

Real Property	
Residential	\$50,416,080
Tangible Personal Property	
Business	2,212,870
Public Utility	4,644,540
Total Assessed Value	<u>\$57,273,490</u>

**SPRING VALLEY TOWNSHIP  
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
(Continued)**

**7. RISK MANAGEMENT**

**Risk Pool Membership**

The Township belongs to the Ohio Government Risk Management Plan (the "Plan"), an unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to approximately 460 Ohio governments ("Members").

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each Member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the Member's deductible.

The Plan issues its own policies and reinsures the Plan with A- VII or better rated carriers, except for the 15% casualty and the 10% property portions the Plan retains. The Plan pays the lesser of 15% or \$37,500 of casualty losses and the lesser of 10% or \$100,000 of property losses. Individual Members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other obligation to the Plan. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31:

	<u>2005</u>	<u>2004</u>
Assets	\$8,219,430	\$6,685,522
Liabilities	(2,748,639)	(2,227,808)
Members' Equity	<u>\$5,470,791</u>	<u>\$4,457,714</u>

You can read the complete audited financial statements for The Ohio Government Risk Management Plan at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**8. DEFINED BENEFIT PENSION PLAN**

**Ohio Public Employees Retirement System**

The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

**SPRING VALLEY TOWNSHIP  
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
(Continued)**

**8. DEFINED BENEFIT PENSION PLAN (Continued)**

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6701 or (800) 222-7377.

For the year ended December 31, 2005, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 8.5 percent of their annual covered salaries. The Township's contribution rate for pension benefits for 2005 was 13.55 percent. There are no employees/members in law enforcement or public safety. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Township's employer required contributions for pension obligations to the plan for the years ended December 31, 2005 was \$23,744. The full amount has been contributed for 2005.

**9. POST-EMPLOYMENT BENEFITS**

**Ohio Public Employees Retirement System**

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Post-employment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2005 local government employer contribution rate was 13.55 percent of covered payroll; 4.00 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2004, include a rate of return on investments of 8.00 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.30 percent based on additional annual pay increases. Health care premiums were assumed to increase between 1.00 and 6.00 percent annually for the next eight years and 4.00 percent annually after eight years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

The number of active contributing participants in the traditional and combined plans was 376,109. Actual employer contributions for 2005 which were used to fund post-employment benefits were \$7,009. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2004, (the latest information available) were \$10.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.5 billion and \$18.7 billion, respectively.

**SPRING VALLEY TOWNSHIP  
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
(Continued)**

**9. POST-EMPLOYMENT BENEFITS (Continued)**

On September 9, 2005, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2008. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs. Member and employer contribution rates increased as of January 1, 2006, which will allow additional funds to be allocated to the health care plan.

**10. DEBT/LEASES**

The Township has no debt or leases during 2005.

**11. INTERFUND TRANSFERS**

During 2005 the Township transferred \$6,740 from the Miscellaneous Capital Projects to the Road and Bridge Fund. These funds were transferred to reimburse the Road and Bridge Fund for FEMA money received from the 2004 ice storm.

**12. CONTINGENT LIABILITIES**

There are currently no lawsuits with the Township.

Amounts grantor agencies pay to the Township are subject to audit and adjustment by the grantor, principally the federal government. Grantors 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.

**13. SUBSEQUENT EVENTS**

In March 2007, the Ohio Public Works Commission (OPWC) approved \$699,216 for the Krepps Road Project.

**14. ACCOUNTABILITY AND COMPLIANCE**

The Township did not comply with Ohio Admin. Code 117-2-02(C)(1) and Ohio Rev. Code section 5705.38(C) regarding appropriating funds at the minimum required legal level of control.



# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Spring Valley Township  
Greene County  
2547 US 42 South  
P.O. Box 147  
Spring Valley, Ohio 45370

To the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Spring Valley Township, Greene County, (the Township) as of and for the years ended December 31, 2006 and 2005, which collectively comprise the Township's basic financial statements and have issued our report thereon dated January 31, 2008. We also noted the Government uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township. However, Government Auditing Standards permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code §117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. 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 Township's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Township's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider the following deficiency described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting: 2006-002.

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

**Internal Control Over Financial Reporting  
(Continued)**

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Township's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We do not believe that the significant deficiency described above is a material weakness.

We also noted a certain internal control matter that we reported to the Township's management in a separate letter dated January 31, 2008.

**Compliance and Other Matters**

As part of reasonably assuring whether the Township'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 an instance of noncompliance or other matter that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2006-001.

We did note certain noncompliance or other matters that we reported to the Township's management in a separate letter dated January, 31, 2008.

The Township's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Township's response and, accordingly, we express no opinion on it.

We intend this report solely for the information and use of the management and the Board of Trustees. We intend it for no one other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

January 31, 2008

**SPRING VALLEY TOWNSHIP  
GREENE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2006 AND 2005**

<b>1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
---

**FINDING NUMBER 2006-001**

**Ohio Admin. Code 117-2-02(C)(1)** states in part: “The legal level of control is the level (e.g. fund, program or function, department, object) at which spending in excess of budgeted amounts would be a violation of law. This is established by the level at which the legislative body appropriates. For all local public offices subject to the provisions of Chapter 5705 of the Revised Code, except school districts and public libraries, the minimum legal level of control is described in Section 5705.38 of the Revised Code. The legal level of control is a discretionary decision to be made by the legislative authority, unless otherwise prescribed by statute.”

**Ohio Rev. Code Section 5705.38(C)** requires the following minimum level of budgetary control for “subdivisions” other than schools: “Appropriation measures shall be classified so as to set forth separately the amounts appropriated for each office, department, and division, and, within each, the amount appropriated for personal services.”

The legal level of control as established by the Township was at the fund level. The Trustees should review and approve appropriations at a more detailed level in accordance with the provisions of Ohio Rev. Code Section 5705.38(C). This would provide for a more detailed monitoring of the Township’s activities by the Trustees.

We did not receive a response from Officials to this finding.

**FINDING NUMBER 2006-002**

**Significant Deficiency**

**Classification and Posting of Revenue**

During 2006 and 2005 the Township posted the following revenues to the incorrect line items and or funds:

- Cable franchise fees which were posted to intergovernmental revenue instead of taxes in the amounts of \$2,870 in 2006 and \$2,820 in 2005.
- Permissive tax was posted to the incorrect fund in the amounts of \$4,569 in 2006 and \$2,024 in 2005.

This could restrict management’s ability to make informed decisions. The Township should develop policies and procedures to provide proper posting of receipts to the appropriate line item accounts and funds. Additionally, especially in an entity where one person maintains all the financial records, independent periodic reviews should be performed and documented as a means of helping to provide for the accuracy of the records. The accompanying financial statements reflect audit adjustments to correct these errors.

**Official’s Response:**

For 2008, UAN has established a new like item code, 625 Cable Franchise, which shall be used in the future.





**Mary Taylor, CPA**  
Auditor of State

**SPRING VALLEY TOWNSHIP**

**GREENE 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 11, 2008**