



Dave Yost • Auditor of State



**VALLEY TOWNSHIP  
GUERNSEY COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Valley Township  
Guernsey County  
55365 Marietta Road  
Pleasant City, Ohio 43772

To the Board of Trustees:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Valley Township, Guernsey County, Ohio (the Township), as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

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

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

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

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**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund and the aggregate remaining fund information of Valley Township, Guernsey County, Ohio, as of December 31, 2013 and 2012, and the respective changes in cash financial position and the respective budgetary comparison for the General, Gasoline Tax, Road and Bridge, Cemetery Levy and Fire District Levy Funds thereof for the years then ended in accordance with the accounting basis described in Note 2.

**Accounting Basis**

We draw attention to Note 2 of the financial statements, which describes the accounting basis, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

**Other Matters**

*Supplementary and Other Information*

We audited to opine on the Township's financial statements that collectively comprise its basic financial statements.

*Management's Discussion and Analysis* includes tables of net position, changes in net position and governmental activities. This information provides additional analysis and is not a required part of the basic financial statements.

These tables are management's responsibility and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these tables to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling these tables directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and in accordance with auditing standards generally accepted in the United States of America. In our opinion, these tables are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other than the aforementioned procedures applied to these tables, we applied no procedures to any other information in Management Discussion & Analysis, and we express no opinion or any other assurance on it.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2014, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.

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

**Dave Yost**  
Auditor of State

Columbus, Ohio

November 5, 2014

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*Valley Township  
Guernsey County, Ohio  
Management's Discussion and Analysis  
For the Year Ended December 31, 2013 and 2012  
Unaudited*

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This discussion and analysis of the Valley Township's (the Township) financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2013 and 2012, 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 2013 are as follows:

Net position of governmental activities increased \$123,136, or 37.4 percent, a significant change from the prior year. The fund most affected by the increase in cash and cash equivalents was the Road & Bridge Fund, as it receives the greatest millage and due to the fact that the increase came from inside millage from property taxes and the completion of major pipeline running through the township increased those values.

The Township's general receipts are primarily property taxes. Property tax receipts for 2013 increased compared to 2012.

Key highlights for 2012 are as follows:

Net position of governmental activities decreased \$8,489, or 2.5 percent, an insignificant change from the prior year. The fund most affected by the decrease in cash and cash equivalents was the Cemetery Levy Fund, largely due to development of newly acquired cemetery land; however, cost increases affected most funds.

The Township's general receipts are primarily property taxes. Property tax receipts for 2012 increased compared to 2011.

**Using the Basic Financial Statements**

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

**Report Components**

The statement of net position 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.

*Valley Township  
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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.

**Reporting the Government as a Whole**

The statement of net position and the statement of activities reflect how the Township did financially during 2013 and 2012, within the limitations of cash basis accounting. The statement of net position presents the cash balances and investments of the governmental activities of the Township at year end. The statement of activities compares cash disbursements with program receipts for each governmental program activity. 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 activity 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 nonfinancial factors as well such as the Township's 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.

In the statement of net position and the statement of activities, we divide the Township into two types of activities:

Governmental activities - All of the Township's basic services are reported here, including police, fire, streets and parks. State and federal grants and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Business-type activity - The Township has no business-type activities.

**Reporting the Government'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 funds of the Township are split into three categories: governmental, proprietary and fiduciary. Valley Township has no proprietary or fiduciary funds.

Governmental Funds – All of 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 are General, Gasoline Tax, Road & Bridge, Cemetery Levy, and Fire District Levy Funds.

Valley Township  
Guernsey County, Ohio  
Management's Discussion and Analysis  
For the Year Ended December 31, 2013 and 2012  
Unaudited

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**The Government as a Whole**

Table 1 provides a summary of the Township's net position for 2013 compared to 2012 and 2011 on a cash basis:

(Table 1)

**Net Position**

	Governmental Activities		
	2013	2012	2011
<b>Assets</b>			
Cash and Cash Equivalents	\$452,521	\$329,385	\$337,874
Total Assets	\$452,521	\$329,385	\$337,874
<b>Net Position</b>			
Restricted for:			
Debt Service	\$3,884	\$3,749	\$3,749
Other Purposes	321,037	197,511	212,655
Unrestricted	127,600	128,125	121,470
Total Net Position	\$452,521	\$329,385	\$337,874

As mentioned previously, net position of governmental activities increased \$123,136, or 37.4 percent during 2013 and decreased \$8,489 or 2.5 percent during 2012.

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Management's Discussion and Analysis  
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Table 2 reflects the changes in net position on a cash basis in 2013 compared to 2012 and 2011 for governmental activities.

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

	Governmental Activities		
	2013	2012	2011
Receipts:			
Program Receipts:			
Charges for Services and Sales	\$20,318	\$7,981	\$7,414
Operating Grants and Contributions	101,155	100,846	101,314
Capital Grants and Contributions	20,738	16,817	17,219
Total Program Receipts	<u>142,211</u>	<u>125,644</u>	<u>125,947</u>
General Receipts:			
Property and Other Local Taxes	267,116	255,047	224,653
Grants and Entitlements Not Restricted to Specific Programs	33,931	34,776	53,756
Interest	15,865	14,914	13,603
Miscellaneous (cable)	12,246	18,285	4,085
Total General Receipts	<u>329,158</u>	<u>323,022</u>	<u>296,097</u>
Total Receipts	<u>471,369</u>	<u>448,666</u>	<u>422,044</u>
Disbursements:			
General Government	70,861	75,861	67,392
Security of Persons and Property:	28,644	54,491	32,733
Public Health Services	45,431	46,242	46,311
Leisure Time Activities	0	0	300
Transportation	170,270	203,769	261,444
Capital Outlay	28,119	71,824	43,706
Principal Retirement	4,000	3,900	3,700
Interest and Fiscal Charges	908	1,068	1,221
Total Disbursements	<u>348,233</u>	<u>457,155</u>	<u>456,807</u>
Increase (Decrease) in Net Position	123,136	(8,489)	(34,763)
Net Position Beginning of Year	<u>329,385</u>	<u>337,874</u>	<u>372,637</u>
Net Position End of Year	<u>\$452,521</u>	<u>\$329,385</u>	<u>\$337,874</u>

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During 2013 program receipts (\$142,211) represent only 30 percent of total receipts (\$471,369). Program receipts (\$125,644) represent only 28 percent of total receipts (\$448,666) during 2012. Program receipts are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money.

During 2013 general receipts (\$329,158) represent 70 percent of the Township's total receipts (\$471,369), and of this amount, almost 81 percent are local taxes (\$267,116). State and federal grants and entitlements (\$33,931) make up the balance of the Township's general receipts (10 percent). Other receipts (9 percent) are very insignificant and somewhat unpredictable revenue sources.

During 2012 general receipts (\$323,022) represent 72 percent of the Township's total receipts (\$448,666), and of this amount, almost 79 percent are local taxes (\$255,047). State and federal grants and entitlements (\$34,776) make up the balance of the Township's general receipts (11 percent). Other receipts (10 percent) are very insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government, \$70,861 (20 percent) in 2013 and \$75,861 (16.6 percent) in 2012, represent the overhead costs of running the Township and the support services provided for the other Township activities. These include the costs of council, the auditor, treasurer, as well as internal services such as payroll and purchasing. Since these costs do not represent direct services to residents, we try to limit these costs to 25 percent of General Fund unrestricted receipts.

Security of Persons and Property are the costs of police and fire protection; Public Health Services is the health department and interments/burial; Leisure Time Activities are the costs of maintaining the parks and playing fields; the economic development department promotes the Township to industry and commerce as well as working with other governments in the area to attract new business; and Transportation is the cost of maintaining the roads.

### **Governmental Activities**

If you look at the Statement of Activities, 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; \$348,233 for 2013 and \$457,155 for 2012. The major program disbursements for governmental activities are for Transportation \$170,270 for 49 percent in 2013 and \$203,769 for 44.6 percent in 2012 of the total disbursements, followed by General Government \$70,861 for 20 percent in 2012 and \$75,861 for 16.6 percent in 2012, Public Health \$45,431 at 13 percent in 2013 and \$46,242 at 10 percent for 2012, Security of persons and property (\$28,644) and Capital outlay (\$28,119) at 8 percent each for 2013 and \$54,491 (12 percent) for Security of persons and property and \$71,824 (16 percent) for Capital outlay in 2012 of all governmental disbursements, respectively, also representing a significant costs. The next three 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.

Valley Township  
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A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

	<b>Governmental Activities</b>					
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2013	2013	2012	2012	2011	2011
General Government	\$70,861	(\$70,861)	\$75,861	(\$75,861)	\$67,392	(\$67,392)
Security of Persons and Property	\$28,644	(\$28,644)	\$54,491	(\$54,491)	\$32,733	(\$32,733)
Public Health Services	45,431	(26,081)	46,242	(38,642)	46,311	(39,011)
Leisure Time Activities					300	(300)
Economic Development / Other		968		381		114
Transportation	170,270	(48,377)	203,769	(86,106)	261,444	(142,911)
Capital Outlay	28,119	(28,119)	71,824	(71,824)	43,706	(43,706)
Principal Retirement	4,000	(4,000)	3,900	(3,900)	3,700	(3,700)
Interest and Fiscal Charges	908	(908)	1,068	(1,068)	1,221	(1,221)
<b>Total Expenses</b>	<b>\$348,233</b>	<b>(\$206,022)</b>	<b>\$457,155</b>	<b>(\$331,511)</b>	<b>\$456,807</b>	<b>(\$330,860)</b>

The dependence upon property tax receipts is apparent as over 59 and 72.5 percent of governmental activities are supported through these general receipts during 2013 and 2012 respectively.

**The Township's Funds**

Total governmental funds had receipts of \$471,369 and \$438,666 and disbursements of \$348,233 and \$457,155 during 2013 and 2012 respectively. During 2013 the greatest change within governmental funds occurred within the Road & Bridge Fund. The fund balance of the Road & Bridge Fund increased \$57,839 as a result of increased property tax and due to the roads not being able to be prepared and ready for further services at the time when those services were available, due to weather, therefore causing reduced expenditures. During 2012 the greatest change within governmental funds occurred within the Cemetery Levy Fund. The fund balance of the Cemetery Levy Fund decreased \$16,294 as the result of further separating the revenue source, by moving Fees into the Cemetery Fees Fund and leaving the Cemetery Levy Fund with only levy money as its source of revenue.

It was noted by the administration that these two Cemetery Funds may likely show large flux in the next few years as further adjustment in expenses paid from each fund are instituted. Most of these adjustments were not implemented for 2012 as Cemetery Fees Fund did not really have a balance that would support such expenditures.

General, MVL, and Permissive MVL Funds show slightly more expenditure than revenues for 2013. Decrease in Local Government revenue is affecting the General Fund, since fuel and vehicle repair parts and maintenance items is mostly paid from the MVL and Permissive MVL funds, rising fuel costs are the major reason for this showing of an increase in spending during 2013.

**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.

During 2013, the difference between final budgeted receipts and actual receipts was significant in Permissive MVL fund due to unanticipated FEMA monies being deposited into this fund, and the Cemetery Fees Fund as its revenue is derived entirely from private sources for fees and sales of lots. Its anticipated revenue is highly unpredictable.

*Valley Township  
Guernsey County, Ohio  
Management's Discussion and Analysis  
For the Year Ended December 31, 2013 and 2012  
Unaudited*

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During 2012, the difference between final budgeted receipts and actual receipts was significant. Fluctuation in growth and diversity has typically not occurred in the township, allowing the Township the ability to consistently predict receipts and disbursements, but completion of a natural gas pipeline that runs through the township created an increase in valuation of property; said valuation will diminish over time as its value depreciates and an unanticipated sale of township real estate accounted for increase in revenue.

Anticipated revenue for the 2013 budget was \$400,203, while the actual amount received was \$471,369, an increase of \$71,166 or 17 percent more than anticipated. Total receipts equaled \$ 471,369 and total expenditures equaled \$348,233 (\$123,136 less than total receipts). The end result shows an increase in total fund balances of \$123,136 for 2013.

Anticipated revenue for the 2012 budget was \$ 364,764, while the actual amount received was \$448,666, an increase of \$83,902 or 23 percent more than anticipated. Total receipts equaled \$448,666 and total expenditures equaled \$ 457,155 (\$8,489 more than total receipts). The end result shows a decrease in total fund balances of \$8,489 for 2012.

**Capital Assets and Debt Administration**

Capital Assets

The Township does not currently keep track of its capital assets and infrastructure, but does keep an inventory of personal property.

Debt

The Township's outstanding debt included \$18,000 at December 31, 2013 and \$22,000 at December 31, 2012 in general obligation bonds issued for road equipment. For further information regarding the Township's debt, refer to Note 10 to the basic financial statements.

**Current Issues**

The challenge for all Townships is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking funding. We rely heavily on local taxes and have very little industry to support the tax base. We have reviewed our sources of income and our disbursement history and determined that although income has presently increased, this increase is on a depreciating scale and that since the recently completed pipeline is the primary factor in increased revenue, the future maintenance on the roads crossed by said pipeline may likely consume the greater portion of the increase.

**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 Renna E. Dolan, Clerk/Fiscal Officer, Valley Township, 55365 Marietta Road, Pleasant City, OH 43772; Phone (740) 685-2418.

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**Valley Township**  
Guernsey County, Ohio  
Statement of Net Position - Cash Basis  
December 31, 2013

	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$452,521</u>
<i>Total Assets</i>	<u><u>\$452,521</u></u>
<b>Net Position</b>	
Restricted for:	
Debt Service	\$3,884
Other Purposes	321,037
Unrestricted	<u>127,600</u>
<i>Total Net Position</i>	<u><u>\$452,521</u></u>

See accompanying notes to the basic financial statements

**Valley Township**  
 Guernsey County, Ohio  
 Statement of Activities - Cash Basis  
 For the Year Ended December 31, 2013

	Program Cash Receipts			Receipts and Changes in Net Position	
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>					
Current:					
General Government	\$70,861				(\$70,861)
Public Safety	28,644				(28,644)
Public Works	170,270		\$101,155	\$20,738	(48,377)
Health	45,431	\$19,350			(26,081)
Other		968			968
Capital Outlay	28,119				(28,119)
Debt Service:					
Principal Retirement	4,000				(4,000)
Interest and Fiscal Charges	908				(908)
<i>Total Governmental Activities</i>	<u>\$348,233</u>	<u>\$20,318</u>	<u>\$101,155</u>	<u>\$20,738</u>	<u>(206,022)</u>
General Receipts:					
					263,645
					3,471
					33,931
					1,848
					15,865
					<u>10,398</u>
					<u>329,158</u>
					123,136
					<u>329,385</u>
					<u>\$452,521</u>

See accompanying notes to the basic financial statements

**Valley Township**  
 Guernsey County, Ohio  
 Statement of Assets and Fund Balances - Cash Basis  
 Governmental Funds  
 December 31, 2013

	General	Gasoline Tax	Road and Bridge	Cemetery Levy	Fire District Levy	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>							
Equity in Pooled Cash and Cash Equivalents	\$127,600	\$38,876	\$99,680	\$13,623	\$125,433	\$47,309	\$452,521
<i>Total Assets</i>	<u>\$127,600</u>	<u>\$38,876</u>	<u>\$99,680</u>	<u>\$13,623</u>	<u>\$125,433</u>	<u>\$47,309</u>	<u>\$452,521</u>
<b>Fund Balances</b>							
Restricted		\$38,876	\$99,680	\$13,623	\$125,433	\$47,309	\$324,921
Unassigned (Deficit)	\$127,600						127,600
<i>Total Fund Balances</i>	<u>\$127,600</u>	<u>\$38,876</u>	<u>\$99,680</u>	<u>\$13,623</u>	<u>\$125,433</u>	<u>\$47,309</u>	<u>\$452,521</u>

See accompanying notes to the basic financial statements

**Valley Township**  
*Guernsey County, Ohio*  
*Statement of Receipts, Disbursements and Changes in Fund Balances - Cash Basis*  
*Governmental Funds*  
*For the Year Ended December 31, 2013*

	General	Gasoline Tax	Road and Bridge	Cemetery Levy	Fire District Levy	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>							
Property and Other Local Taxes	\$43,237		\$120,354	\$42,580	\$58,424	\$2,521	\$267,116
Charges for Services						193	193
Licenses, Permits and Fees	2,623					12,250	14,873
Intergovernmental	13,508	\$82,912	10,149	3,802	5,147	40,307	155,825
Earnings on Investments	14,155	1,050				660	15,865
Miscellaneous	1,974	980	128	264	136	14,015	17,497
<i>Total Receipts</i>	<u>75,497</u>	<u>84,942</u>	<u>130,631</u>	<u>46,646</u>	<u>63,707</u>	<u>69,946</u>	<u>471,369</u>
<b>Disbursements</b>							
Current:							
General Government	70,329					532	70,861
Public Safety					28,644		28,644
Public Works		78,567	71,104			20,599	170,270
Health				43,648		1,783	45,431
Capital Outlay	5,693		1,688			20,738	28,119
Debt Service:							
Principal Retirement						4,000	4,000
Interest and Fiscal Charges						908	908
<i>Total Disbursements</i>	<u>76,022</u>	<u>78,567</u>	<u>72,792</u>	<u>43,648</u>	<u>28,644</u>	<u>48,560</u>	<u>348,233</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(525)</u>	<u>6,375</u>	<u>57,839</u>	<u>2,998</u>	<u>35,063</u>	<u>21,386</u>	<u>123,136</u>
<b>Other Financing Sources (Uses)</b>							
Transfers In						1,326	1,326
Transfers Out						(1,326)	(1,326)
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	<u>(525)</u>	<u>6,375</u>	<u>57,839</u>	<u>2,998</u>	<u>35,063</u>	<u>21,386</u>	<u>123,136</u>
<i>Fund Balances Beginning of Year</i>	<u>128,125</u>	<u>32,501</u>	<u>41,841</u>	<u>10,625</u>	<u>90,370</u>	<u>25,923</u>	<u>329,385</u>
<i>Fund Balances End of Year</i>	<u>\$127,600</u>	<u>\$38,876</u>	<u>\$99,680</u>	<u>\$13,623</u>	<u>\$125,433</u>	<u>\$47,309</u>	<u>\$452,521</u>

See accompanying notes to the basic financial statements

**Valley Township**  
*Guernsey County, Ohio*  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*General Fund*  
*For the Year Ended December 31, 2013*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$36,579	\$36,579	\$43,237	\$6,658
Licenses, Permits and Fees	800	800	2,623	1,823
Intergovernmental	13,263	13,263	13,508	245
Earnings on Investments	2,000	2,000	14,155	12,155
Miscellaneous			1,974	1,974
<i>Total Receipts</i>	<i>52,642</i>	<i>52,642</i>	<i>75,497</i>	<i>22,855</i>
<b>Disbursements</b>				
Current:				
General Government	159,267	153,894	70,329	83,565
Public Works	20,000	20,000		20,000
Capital Outlay	1,500	6,873	5,693	1,180
<i>Total Disbursements</i>	<i>180,767</i>	<i>180,767</i>	<i>76,022</i>	<i>104,745</i>
<i>Net Change in Fund Balance</i>	<i>(128,125)</i>	<i>(128,125)</i>	<i>(525)</i>	<i>127,600</i>
<i>Unencumbered Fund Balance Beginning of Year</i>	<i>128,125</i>	<i>128,125</i>	<i>128,125</i>	<i>0</i>
Prior Year Encumbrances Appropriated				<i>0</i>
<i>Unencumbered Fund Balance End of Year</i>	<i>\$0</i>	<i>\$0</i>	<i>\$127,600</i>	<i>\$127,600</i>

See accompanying notes to the basic financial statements

**Valley Township**  
*Guernsey County, Ohio*  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*Gasoline Tax Fund*  
*For the Year Ended December 31, 2013*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Intergovernmental	\$81,478	\$81,478	\$82,912	\$1,434
Earnings on Investments	600	600	1,050	450
Miscellaneous			980	980
<i>Total Receipts</i>	<i>82,078</i>	<i>82,078</i>	<i>84,942</i>	<i>2,864</i>
<b>Disbursements</b>				
Current:				
Public Works	114,579	114,579	78,567	36,012
<i>Total Disbursements</i>	<i>114,579</i>	<i>114,579</i>	<i>78,567</i>	<i>36,012</i>
<i>Net Change in Fund Balance</i>	<i>(32,501)</i>	<i>(32,501)</i>	<i>6,375</i>	<i>38,876</i>
<i>Unencumbered Fund Balance Beginning of Year</i>	<i>32,501</i>	<i>32,501</i>	<i>32,501</i>	<i>0</i>
Prior Year Encumbrances Appropriated				0
<i>Unencumbered Fund Balance End of Year</i>	<i>\$0</i>	<i>\$0</i>	<i>\$38,876</i>	<i>\$38,876</i>

See accompanying notes to the basic financial statements

**Valley Township**  
*Guernsey County, Ohio*  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*Road and Bridge Fund*  
*For the Year Ended December 31, 2013*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$108,619	\$108,619	\$120,354	\$11,735
Intergovernmental	9,930	9,930	10,149	219
Miscellaneous			128	128
<i>Total Receipts</i>	118,549	118,549	130,631	12,082
<b>Disbursements</b>				
Current:				
Public Works	160,390	158,490	71,104	87,386
Capital Outlay		1,900	1,688	212
<i>Total Disbursements</i>	160,390	160,390	72,792	87,598
<i>Net Change in Fund Balance</i>	(41,841)	(41,841)	57,839	99,680
<i>Unencumbered Fund Balance Beginning of Year</i>	41,841	41,841	41,841	0
Prior Year Encumbrances Appropriated				0
<i>Unencumbered Fund Balance End of Year</i>	\$0	\$0	\$99,680	\$99,680

See accompanying notes to the basic financial statements

**Valley Township**  
*Guernsey County, Ohio*  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*Cemetery Levy Fund*  
*For the Year Ended December 31, 2013*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$35,933	\$35,933	\$42,580	\$6,647
Intergovernmental	3,780	3,780	3,802	22
Miscellaneous			264	264
<i>Total Receipts</i>	39,713	39,713	46,646	6,933
<b>Disbursements</b>				
Current:				
Health	50,338	50,338	43,648	6,690
<i>Total Disbursements</i>	50,338	50,338	43,648	6,690
<i>Net Change in Fund Balance</i>	(10,625)	(10,625)	2,998	13,623
<i>Unencumbered Fund Balance Beginning of Year</i>	10,625	10,625	10,625	0
Prior Year Encumbrances Appropriated				0
<i>Unencumbered Fund Balance End of Year</i>	\$0	\$0	\$13,623	\$13,623

See accompanying notes to the basic financial statements



**Valley Township**  
*Guernsey County, Ohio*  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*Fire District Levy Fund*  
*For the Year Ended December 31, 2013*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$49,714	\$49,714	\$58,424	\$8,710
Intergovernmental	5,000	5,000	5,147	147
Miscellaneous			136	136
<i>Total Receipts</i>	54,714	54,714	63,707	8,993
<b>Disbursements</b>				
Current:				
Public Safety	145,084	145,084	28,644	116,440
<i>Total Disbursements</i>	145,084	145,084	28,644	116,440
<i>Net Change in Fund Balance</i>	(90,370)	(90,370)	35,063	125,433
<i>Unencumbered Fund Balance Beginning of Year</i>	90,370	90,370	90,370	0
Prior Year Encumbrances Appropriated				0
<i>Unencumbered Fund Balance End of Year</i>	\$0	\$0	\$125,433	\$125,433

See accompanying notes to the basic financial statements

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**Valley Township**  
Guernsey County, Ohio  
Statement of Net Position - Cash Basis  
December 31, 2012

	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$329,385</u>
<i>Total Assets</i>	<u><u>\$329,385</u></u>
<b>Net Position</b>	
Restricted for:	
Debt Service	\$3,749
Other Purposes	197,511
Unrestricted	<u>128,125</u>
<i>Total Net Position</i>	<u><u>\$329,385</u></u>

See accompanying notes to the basic financial statements

**Valley Township**  
*Guernsey County, Ohio*  
*Statement of Activities - Cash Basis*  
*For the Year Ended December 31, 2012*

	Program Cash Receipts			Receipts and Changes in Net Position	
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>					
Current:					
General Government	\$75,861				(\$75,861)
Public Safety	54,491				(54,491)
Public Works	203,769		\$100,846	\$16,817	(86,106)
Health	46,242	\$7,600			(38,642)
Other		381			381
Capital Outlay	71,824				(71,824)
Debt Service:					
Principal Retirement	3,900				(3,900)
Interest and Fiscal Charges	1,068				(1,068)
<i>Total Governmental Activities</i>	<u>\$457,155</u>	<u>\$7,981</u>	<u>\$100,846</u>	<u>\$16,817</u>	<u>(331,511)</u>
General Receipts:					
					252,929
					2,118
					34,776
					10,000
					1,714
					14,914
					6,571
					<u>323,022</u>
					(8,489)
					<u>337,874</u>
					<u>\$329,385</u>

See accompanying notes to the basic financial statements

**Valley Township**  
 Guernsey County, Ohio  
 Statement of Assets and Fund Balances - Cash Basis  
 Governmental Funds  
 December 31, 2012

	General	Gasoline Tax	Road and Bridge	Cemetery Levy	Fire District Levy	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>							
Equity in Pooled Cash and Cash Equivalents	\$128,125	\$32,501	\$41,841	\$10,625	\$90,370	\$25,923	\$329,385
<i>Total Assets</i>	<u>\$128,125</u>	<u>\$32,501</u>	<u>\$41,841</u>	<u>\$10,625</u>	<u>\$90,370</u>	<u>\$25,923</u>	<u>\$329,385</u>
<b>Fund Balances</b>							
Restricted		\$32,501	\$41,841	\$10,625	\$90,370	\$25,923	\$201,260
Unassigned (Deficit)	\$128,125						128,125
<i>Total Fund Balances</i>	<u>\$128,125</u>	<u>\$32,501</u>	<u>\$41,841</u>	<u>\$10,625</u>	<u>\$90,370</u>	<u>\$25,923</u>	<u>\$329,385</u>

See accompanying notes to the basic financial statements

**Valley Township**  
 Guernsey County, Ohio  
 Statement of Receipts, Disbursements and Changes in Fund Balances - Cash Basis  
 Governmental Funds  
 For the Year Ended December 31, 2012

	General	Gasoline Tax	Road and Bridge	Cemetery Levy	Fire District Levy	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>							
Property and Other Local Taxes	\$41,061		\$113,972	\$41,060	\$56,470	\$2,484	\$255,047
Charges for Services						256	256
Licenses, Permits and Fees	1,839					5,800	7,639
Intergovernmental	15,565	\$82,601	10,015	3,903	5,293	35,062	152,439
Earnings on Investments	13,262	1,006				646	14,914
Miscellaneous	1,911	4,019			183	2,258	8,371
<i>Total Receipts</i>	<u>73,638</u>	<u>87,626</u>	<u>123,987</u>	<u>44,963</u>	<u>61,946</u>	<u>46,506</u>	<u>438,666</u>
<b>Disbursements</b>							
Current:							
General Government	75,861						75,861
Public Safety					54,491		54,491
Public Works		77,989	109,516			16,264	203,769
Health				43,426		2,816	46,242
Capital Outlay	1,121		16,667	17,831	16,519	19,686	71,824
Debt Service:							
Principal Retirement						3,900	3,900
Interest and Fiscal Charges						1,068	1,068
<i>Total Disbursements</i>	<u>76,982</u>	<u>77,989</u>	<u>126,183</u>	<u>61,257</u>	<u>71,010</u>	<u>43,734</u>	<u>457,155</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(3,344)</u>	<u>9,637</u>	<u>(2,196)</u>	<u>(16,294)</u>	<u>(9,064)</u>	<u>2,772</u>	<u>(18,489)</u>
<b>Other Financing Sources (Uses)</b>							
Sale of Capital Assets	10,000						10,000
<i>Total Other Financing Sources (Uses)</i>	<u>10,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>10,000</u>
<i>Net Change in Fund Balances</i>	6,656	9,637	(2,196)	(16,294)	(9,064)	2,772	(8,489)
<i>Fund Balances Beginning of Year</i>	<u>121,469</u>	<u>22,864</u>	<u>44,037</u>	<u>26,919</u>	<u>99,434</u>	<u>23,151</u>	<u>337,874</u>
<i>Fund Balances End of Year</i>	<u>\$128,125</u>	<u>\$32,501</u>	<u>\$41,841</u>	<u>\$10,625</u>	<u>\$90,370</u>	<u>\$25,923</u>	<u>\$329,385</u>

See accompanying notes to the basic financial statements

**Valley Township**  
*Guernsey County, Ohio*  
**Statement of Receipts, Disbursements and Changes**  
*In Fund Balance - Budget and Actual - Budget Basis*  
**General Fund**  
*For the Year Ended December 31, 2012*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$30,655	\$30,655	\$41,061	\$10,406
Licenses, Permits and Fees	1,200	1,200	1,839	639
Intergovernmental	15,467	15,467	15,565	98
Earnings on Investments	9,500	9,500	13,262	3,762
Miscellaneous	1,500	1,500	1,911	411
<i>Total Receipts</i>	58,322	58,322	73,638	15,316
<b>Disbursements</b>				
Current:				
General Government	158,291	158,291	75,861	82,430
Public Works	20,000	20,000		20,000
Capital Outlay	1,500	1,500	1,121	379
<i>Total Disbursements</i>	179,791	179,791	76,982	102,809
<i>Excess of Receipts Over (Under) Disbursements</i>	(121,469)	(121,469)	(3,344)	118,125
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets			10,000	10,000
<i>Total Other Financing Sources (Uses)</i>	0	0	10,000	10,000
<i>Net Change in Fund Balance</i>	(121,469)	(121,469)	6,656	128,125
<i>Unencumbered Fund Balance Beginning of Year</i>	121,469	121,469	121,469	0
Prior Year Encumbrances Appropriated				0
<i>Unencumbered Fund Balance End of Year</i>	\$0	\$0	\$128,125	\$128,125

See accompanying notes to the basic financial statements

**Valley Township**  
*Guernsey County, Ohio*  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*Gasoline Tax Fund*  
*For the Year Ended December 31, 2012*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Intergovernmental	\$81,515	\$81,515	\$82,601	\$1,086
Earnings on Investments	750	750	1,006	256
Miscellaneous			4,019	4,019
<i>Total Receipts</i>	82,265	82,265	87,626	5,361
<b>Disbursements</b>				
Current:				
Public Works	105,129	105,129	77,989	27,140
<i>Total Disbursements</i>	105,129	105,129	77,989	27,140
<i>Net Change in Fund Balance</i>	(22,864)	(22,864)	9,637	32,501
<i>Unencumbered Fund Balance Beginning of Year</i>	22,864	22,864	22,864	0
Prior Year Encumbrances Appropriated				0
<i>Unencumbered Fund Balance End of Year</i>	\$0	\$0	\$32,501	\$32,501

See accompanying notes to the basic financial statements



**Valley Township**  
*Guernsey County, Ohio*  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*Road and Bridge Fund*  
*For the Year Ended December 31, 2012*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$90,786	\$90,786	\$113,972	\$23,186
Intergovernmental	9,980	9,980	10,015	35
<i>Total Receipts</i>	<u>100,766</u>	<u>100,766</u>	<u>123,987</u>	<u>23,221</u>
<b>Disbursements</b>				
Current:				
Public Works	144,803	128,136	109,516	18,620
Capital Outlay		16,667	16,667	0
<i>Total Disbursements</i>	<u>144,803</u>	<u>144,803</u>	<u>126,183</u>	<u>18,620</u>
<i>Net Change in Fund Balance</i>	(44,037)	(44,037)	(2,196)	41,841
<i>Unencumbered Fund Balance Beginning of Year</i>	44,037	44,037	44,037	0
Prior Year Encumbrances Appropriated				0
<i>Unencumbered Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$41,841</u>	<u>\$41,841</u>

See accompanying notes to the basic financial statements

**Valley Township**  
*Guernsey County, Ohio*  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*Cemetery Levy Fund*  
*For the Year Ended December 31, 2012*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$30,550	\$30,550	\$41,060	\$10,510
Intergovernmental	3,880	3,880	3,903	23
<i>Total Receipts</i>	34,430	34,430	44,963	10,533
<b>Disbursements</b>				
Current:				
Health	56,349	43,518	43,426	92
Capital Outlay	5,000	17,831	17,831	0
<i>Total Disbursements</i>	61,349	61,349	61,257	92
<i>Net Change in Fund Balance</i>	(26,919)	(26,919)	(16,294)	10,625
<i>Unencumbered Fund Balance Beginning of Year</i>	26,919	26,919	26,919	0
Prior Year Encumbrances Appropriated				0
<i>Unencumbered Fund Balance End of Year</i>	\$0	\$0	\$10,625	\$10,625

See accompanying notes to the basic financial statements

**Valley Township**  
*Guernsey County, Ohio*  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*Fire District Levy Fund*  
*For the Year Ended December 31, 2012*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$42,175	\$42,175	\$56,470	\$14,295
Intergovernmental	5,200	5,200	5,293	93
Miscellaneous			183	183
<i>Total Receipts</i>	47,375	47,375	61,946	14,571
<b>Disbursements</b>				
Current:				
Public Safety	146,809	124,809	54,491	70,318
Capital Outlay		22,000	16,519	5,481
<i>Total Disbursements</i>	146,809	146,809	71,010	75,799
<i>Net Change in Fund Balance</i>	(99,434)	(99,434)	(9,064)	90,370
<i>Unencumbered Fund Balance Beginning of Year</i>	99,434	99,434	99,434	0
Prior Year Encumbrances Appropriated				0
<i>Unencumbered Fund Balance End of Year</i>	\$0	\$0	\$90,370	\$90,370

See accompanying notes to the basic financial statements

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## **Note 1 – Reporting Entity**

Valley Township, Guernsey County, Ohio (the Township), is a body politic and corporate established in December 1852, 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.

### **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, and cemetery maintenance. The Township contracts with the Pleasant City VFD for fire protection. Police protection is provided by Guernsey County Sheriff's Department.

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

## **Note 2 – Summary of Significant Accounting Policies**

As discussed further in the Basis of Accounting section of this Note, 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. Following are the more significant of the Township's accounting policies.

### **Basis of Presentation**

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

**Government-Wide Financial Statements** The statement of net position and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions.

The statement of net position presents the cash balances of the governmental activities 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 are 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.

**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.

*Valley Township  
Guernsey County, Ohio  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2013 and 2012*

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The focus of governmental and enterprise 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.

### **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. The funds of the Township are divided into three categories, governmental, proprietary and fiduciary. The Township's funds are all governmental funds.

**Governmental Funds** The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The following are the Township's major governmental funds; General, Gasoline Tax, Road & Bridge, Cemetery Levy, and Fire District Levy Fund.

**General Fund** - accounts for and reports all financial resources not accounted for and reported 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.

**Gasoline Tax Fund** - accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

**Road and Bridge Fund** - accounts for and reports property tax (inside millage) committed for the construction, reconstruction, resurfacing and repair of Township roads and bridges.

**Cemetery Levy and Fire District Levy Funds** - are levy funds whose revenue is outside the ten-mill limitation and whose use is committed to that of the levy language.

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

### **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.

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.

### **Budgetary Process**

All funds, except agency 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 ordinance, 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.

*Valley Township  
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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 certificate of estimated resources in effect at the time final appropriations were passed by the Township.

The appropriations ordinance 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.

### **Cash**

Interest earned on the Township's checking account is allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2013 and 2012 totaled \$14,155 and \$13,262, respectively which includes money assigned from other ineligible township funds.

### **Restricted Assets**

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. Restricted assets represent special revenue funds restricted to a specific use.

### **Inventory and Prepaid Items**

The Township reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

### **Capital Assets**

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

### **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 healthcare benefits.

### **Long-Term Obligations**

The Township's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither another financing source nor a capital outlay expenditure is reported at inception. Lease payments are reported when paid.

## Net Position

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

## Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Township is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

**Nonspendable** The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

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

**Committed** The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of Township Trustees. Those committed amounts cannot be used for any other purpose unless the Township Trustees remove or change the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

**Assigned** Amounts in the assigned fund balance classification are intended to be used by the Township for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

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

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

## Interfund Transactions

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.



**Note 3 – Change in Accounting Principle**

For 2013 and 2012, the Township implemented Governmental Accounting Standard Board (GASB) Statement No. 63, “Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.” GASB Statement No. 63 identifies net position, rather than net assets, as the residual of all other elements presented in a statement of financial position. This change was incorporated in the Township's 2012 and 2013 financial statements; however, there was no effect on beginning net position/fund balance.

**Note 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 – Budget Basis presented for the General Fund, Gasoline Tax, Road & Bridge, Cemetery Levy, and Fire District Levy fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (cash basis). There were no outstanding encumbrances at year-end for 2013 and 2012.

**Note 5 – Deposits**

The Township only held monies in a primary interest-drawing checking account in 2013 and 2012 and at year-end the Township did not have any undeposited cash on hand.

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, \$202,523 and \$86,763 of the Township's bank balance of \$452,523 and \$336,763 at December 31, 2013 and December 31, 2012, respectively, 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.

**Note 6 – Property Taxes**

Property taxes include amounts levied against all real and public utility property located in the Township. Property tax revenue received during 2013 for real and public utility property taxes represents collections of 2012 taxes. Property tax revenue received during 2012 for real and public utility property taxes represents collections of 2011 taxes.

Real property taxes are levied after October 1, on the assessed value as of January 1, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2013 real property taxes are collected in and intended to finance 2014. 2012 real property taxes are collected in and intended to finance 2013.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

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Public utility personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2013 public utility property taxes which became a lien December 31, 2012, are levied after October 1, 2013, and are collected in 2013 with real property taxes. 2012 public utility property taxes which became a lien December 31, 2011, are levied after October 1, 2012, and are collected in 2012 with real property taxes.

The full tax rate for all Township operations for the years ended December 31, 2013 and December 31, 2012, was \$6.40 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which property tax receipts were based are as follows:

	2013	2012
Real Property	\$20,803,240	\$20,561,350
Public Utility Personal Property	21,772,450	22,428,110
Total	\$42,575,690	\$42,989,460

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Township. The County Auditor periodically remits to the Township its portion of the taxes collected.

**Note 7 – Risk Management**

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) (York or Management), functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2013, OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2013 and 2012:

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	<u>2013</u>	<u>2012</u>
Assets	\$34,954,286	\$34,771,270
Liabilities	8,486,363	9,355,082
Net Position	\$26,467,923	\$25,416,188

At December 31, 2013 and 2012, respectively, the liabilities above include approximately \$7.9 and \$8.7 million of estimated incurred claims payable. The assets above also include approximately \$7.4 and \$7.8 million of unpaid claims to be billed to approximately 948 member governments in the future, as of December 31, 2013 and 2012, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2013, the Township's share of these unpaid claims collectible in future years is approximately \$2,000.

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

<u>Contributions to OTARMA</u>	
<u>2013</u>	<u>2012</u>
\$4,446	\$3,829

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The System administers and pays all claims.

**Note 8 – Defined Benefit Pension Plan**

**Ohio Public Employees Retirement System**

Plan Description – The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension 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. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

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OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the Traditional Pension 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. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units and 18.1 percent of covered payroll for law enforcement and public safety employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10 percent of covered payroll for members in the State and local divisions and 12 percent for law enforcement and public safety members. For the year ended December 31, 2013, members in the state and local divisions contributed 10 percent of covered payroll while public safety and law enforcement members contributed 10.5 percent and 11.1 percent, respectively. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan. For 2013, member and employer contribution rates were consistent across all three plans.

The Township's 2013 and 2012 contribution rate was 14.0 percent of covered payroll. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. Employer contribution rates are actuarially determined.

The Township's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2013 and 2012 were \$11,394 and \$11,327, respectively; 100 percent has been contributed for 2013 and 2012.

## **Note 9 - Postemployment Benefits**

### **Ohio Public Employees Retirement System**

Plan Description – Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan—a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan—a defined contribution plan; and the Combined Plan—a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. The plan includes a medical plan, prescription drug program and Medicare Part B premium reimbursement.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not mandate, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

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Funding Policy – The post-employment health care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through contributions to OPERS. A portion of each employer’s contribution to OPERS is set aside for the funding of post-retirement health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2013 and 2012, state and local employers contributed at a rate of 14.0 percent of covered payroll, and public safety and law enforcement employers contributed at 17.87 percent. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units and 18.1 percent of covered payroll for law and public safety employer units.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment health care plan.

The Township’s contributions allocated to fund post-employment health care benefits for the years ended December 31, 2013 and 2012 have been 100 percent contributed.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased on January 1 of each year from 2006 to 2008. Rates for law enforcement and public safety employers increased over a six year period beginning on January 1, 2006, with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

**Note 10 – Debt**

The Township’s long-term debt activity for the year ended December 31, 2013, was as follows:

	Amount Outstanding 12/31/12	Additions	Deletions	Amount Outstanding 12/31/13	Amounts Due in One Year
General Obligation Bonds	\$22,000		\$4,000	\$18,000	\$4,300

The general obligation bonds are supported by the full faith and credit of the Township and are payable from unvoted property tax receipts to the extent that other resources are not available to meet annual principal and interest payments.

In 2007, the Township issued equipment bonds in the amount of \$40,000 to be used for the purchase of a new tractor. Payments are made annually at an interest rate of 4.125 percent. The full faith and credit of the Township has been pledged as collateral on said bonds.

The following is a summary of the Township’s future annual debt service requirements:

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Year	General Obligation Bonds	
	Principal	Interest
2014	\$4,300	\$743
2015	4,400	565
2016	4,500	384
2017	4,800	198
Total	\$18,000	\$1,890

The Ohio Revised Code provides that net general obligation debt of the Township, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Township. The Revised Code further provides that total voted and unvoted net debt of the Township less the same exempt debt shall never exceed amount equal to 10.5 percent of its tax valuation. The effects of the debt limitations at December 31, 2013, were an overall debt margin of \$4,513,893 and an unvoted debt margin of \$2,364,420.

**Note 11 – Fund Balances**

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Township is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below for 2013:

Fund Balances	General	Gasoline Tax	Road & Bridge	Cemetery Levy	Fire District Levy	Other Governmental Funds	Total
<b>Restricted for</b>							
Road Maintenance		\$38,876	\$99,680			\$22,126	\$160,682
Fire Operations					\$125,433		125,433
Cemetery				\$13,623		21,299	34,922
Debt Service						3,884	3,884
<i>Total Restricted</i>	\$0	38,876	99,680	13,623	125,433	47,309	324,921
<b>Unassigned (Deficit)</b>	127,600						127,600
<i>Total Fund Balances</i>	\$127,600	\$38,876	\$99,680	\$13,623	\$125,433	\$47,309	\$452,521

The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below for 2012:

Fund Balances	General	Gasoline Tax	Road & Bridge	Cemetery Levy	Fire District Levy	Other Governmental Funds	Total
<b>Restricted for</b>							
Road Maintenance		\$32,501	\$41,841			\$18,635	\$92,977
Fire Operations					\$90,370		90,370
Cemetery				\$10,625		3,539	14,164
Debt Service						3,749	3,749
<i>Total Restricted</i>	\$0	32,501	41,841	10,625	90,370	25,923	201,260
<b>Unassigned (Deficit)</b>	128,125						128,125
<i>Total Fund Balances</i>	\$128,125	\$32,501	\$41,841	\$10,625	\$90,370	\$25,923	\$329,385



# Dave Yost • Auditor of State

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

Valley Township  
Guernsey County  
55365 Marietta Road  
Pleasant City, Ohio 43772

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Valley Township, Guernsey County, Ohio (the Township), as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements and have issued our report thereon dated November 5, 2014, wherein we noted the Township uses a special purpose framework other than generally accepted accounting principles.

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

***Compliance and Other Matters***

As part of reasonably assuring whether the 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, opining on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***Purpose of this Report***

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

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

**Dave Yost**  
Auditor of State

Columbus, Ohio

November 5, 2014





# Dave Yost • Auditor of State

**VALLEY TOWNSHIP**

**GUERNSEY COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
NOVEMBER 18, 2014**