

**VALLEY TOWNSHIP
GUERNSEY COUNTY**

AUDIT REPORT

JANUARY 1, 2006 – DECEMBER 31, 2007

**Wolfe, Wilson, & Phillips, Inc.
37 South Seventh Street
Zanesville, Ohio 43701**



Mary Taylor, CPA
Auditor of State

Board of Trustees
Valley Township
55365 Marietta Road
Pleasant City, Ohio 43772

We have reviewed the *Independent Auditors' Report* of Valley Township, Guernsey County, prepared by Wolfe, Wilson & Phillips, Inc., for the audit period January 1, 2006 through December 31, 2007. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

June 19, 2008

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**VALLEY TOWNSHIP
GUERNSEY COUNTY**

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**WOLFE, WILSON, & PHILLIPS, INC.
37 SOUTH SEVENTH STREET
ZANESVILLE, OHIO 43701**

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, major funds and aggregate remaining fund information of Valley Township, Guernsey County as of and for the years ended December 31, 2007 and 2006, which collectively comprised the Township's basic financial statements. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As discussed in Note 2, the Township has prepared these financial statements and notes using the cash basis of accounting. 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-cash basis of the governmental activities, major funds and the aggregate remaining fund information of Valley Township, Guernsey County, as of December 31, 2007 and 2006, and the respective changes in financial position-cash basis and the respective budgetary comparison for the General Fund, Gas Tax Fund, Road and Bridge Fund, Cemetery II Fund and Fire District Fund, thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued a report dated April 28, 2008, on our consideration of Valley Township's internal control structure over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Government Accounting Standards Board 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.

Wolfe, Wilson, & Phillips, Inc.
Zanesville, Ohio
April 28, 2008

**VALLEY TOWNSHIP, GUERNSEY COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
UNAUDITED**

This discussion and analysis of the Valley Township's financial performance provides an overall review of the Township's financial activities for the years ended December 31, 2007 and 2006, within the limitations of the Township's cash basis accounting. The intent of this discussion and analysis is to look at the Township's financial performance as a whole; readers should also review the financial statements and notes to the basic financial statements to enhance their understanding of the Township's financial performance.

Highlights

Key highlights for 2007 and 2006 are as follows:

The Township's general receipts are primarily Real Estate and property taxes for governmental activities for the year. Tax receipts for 2007 and 2006 changed very little compared to 2005 as development within the Township has stayed about the same.

In 2007 and 2006, the Township again sealed some of the Township roads with oil and gravel. This project is completed each year and costs are increasing due to rising oil prices. The Township has two full time employees for the maintenance of the roads and cemeteries.

A new road grader was purchased in 2006 using \$28,600 of Township funds and \$20,000 from the sale of road equipment bonds.

A new tractor was purchased in 2007 using a \$49,000 grant received from USDA Rural Development and a loan for \$40,000.

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 assets and statement of activities provide information about the cash activities of the Township as a whole. The statement of cash basis assets and fund balances, and the statement of cash receipts, disbursements and changes in fund cash balances, present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the basic 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.

**VALLEY TOWNSHIP, GUERNSEY COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
UNAUDITED**

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 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 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 statements of net assets and statements of activities for 2007 and 2006 reflect how the Township did financially within the limitations of the cash basis of accounting. The statement of net assets present 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 programs services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General cash 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 nonfinancial factors as well such as the Township's tax base, 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 real estate taxes.

In the statement of net assets and the statement of activities, we divide the government into governmental activities. All of the Township's basic services are reported here, including road maintenance. Real estate and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

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.

**VALLEY TOWNSHIP, GUERNSEY COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
UNAUDITED**

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 nonmajor 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 for 2007 are the General Fund, Gasoline Tax Fund, Road and Bridge Fund, Cemetery II Fund and the Fire District Fund. In 2006 the major funds are the General Fund, Gasoline Tax Fund, Road and Bridge Fund, Cemetery II Fund and the Fire District Fund. The programs reported in governmental funds are related to those reported in the governmental activities section of the entity-wide statements. There are no reconciliations between the two reports as the township reports on the cash basis.

The Government as a Whole

Table 1 provides a summary of the Township's net assets for 2007 compared to 2006 and 2005 on the cash basis:

Table 1
NET ASSETS

	Governmental Activities		
	2007	2006	2005
Assets			
Cash	\$ 238,793	\$ 220,403	\$ 250,527
Total Assets	\$ 238,793	\$ 220,403	\$ 250,527
Net Assets			
Restricted for:			
Debt Service	\$ 7,309	\$ 2,550	\$ -
Other Purposes	154,064	150,745	185,804
Unrestricted	77,420	67,108	64,723
Total Net Assets	\$ 238,793	\$ 220,403	\$ 250,527

**VALLEY TOWNSHIP, GUERNSEY COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
UNAUDITED**

Table 2 reflects the changes in net assets in 2007 and 2006 and 2005:

Table 2
CHANGES IN NET ASSETS

	Governmental Activities		
	2007	2006	2005
Receipts:			
Program Receipts:			
Charges for Services	\$ 9,176	\$ 8,081	\$ 12,248
Operating Grants	104,208	101,507	177,013
Capital Grants	66,219	17,219	16,968
Total Program Receipts	<u>179,603</u>	<u>126,807</u>	<u>206,229</u>
General Receipts;			
Property and Other Tax	119,453	107,419	104,822
Grants and Entitlements not Restricted	38,634	39,931	35,852
Sale of Notes	40,000	20,000	-
Sale of Fixed Assets	4,230	1,222	-
Interest	8,576	8,104	11,081
Miscellaneous	627	1,843	87,602
Total General Receipts	<u>211,520</u>	<u>178,519</u>	<u>239,357</u>
Total Receipts	<u>391,123</u>	<u>305,326</u>	<u>445,586</u>
Disbursements:			
General Government	40,606	42,423	37,100
Public Safety	18,372	17,924	12,821
Public Works	171,197	166,292	310,446
Health	26,259	34,540	29,041
Conservation - Recreation	387	152	3,963
Other	-	300	-
Capital Outlay	111,386	71,549	-
Debt Service:			
Principal	3,730	1,803	-
Interest	796	467	-
Total Disbursements	<u>372,733</u>	<u>335,450</u>	<u>393,371</u>
Increase/(Decrease)			
In Net Assets	18,390	(30,124)	52,215
Net Assets, January 1	<u>220,403</u>	<u>250,527</u>	<u>198,312</u>
Net Assets, December 31	<u>\$ 238,793</u>	<u>\$ 220,403</u>	<u>\$ 250,527</u>

Program receipts represent 46%, 42% and 46% of total receipts for 2007, 2006 and 2005, respectively. They are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money.

General receipts represent 54%, 58% and 54% of the Township's total receipts for 2007, 2006 and 2005, respectively. Local taxes represent 56%, 60% and 44% of the general receipts. Grants and entitlements make up the balance of general receipts. Other receipts are insignificant and somewhat unpredictable receipt sources.

**VALLEY TOWNSHIP, GUERNSEY COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
UNAUDITED**

Disbursements for general government represent the overhead costs of running the Township and the support services provided for the other Township activities.

The Government's Funds

Total governmental funds had receipts of \$391,123 and \$305,326 for 2007 and 2006 and disbursements of \$372,733 and \$335,450 for 2007 and 2006, respectively.

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 and disbursements. The most significant budgeted fund is the General Fund.

During 2007 and 2006, the Township made amendments to its appropriation budget and receipts budget to reflect changing circumstances. For 2007 and 2006, actual receipts were greater than budgeted receipts.

Final budgeted disbursements for 2007 and 2006 were \$115,045 and \$110,485, respectively. Actual disbursements for 2007 and 2006 were \$42,778 and \$46,816, respectively. The Township kept spending close to budgeted amounts.

Capital Assets and Debt Administration

Capital Assets

The Township does not currently keep track of its capital assets and infrastructure in the accompanying financial statements, but records payments for capital assets as disbursements.

Debt

As of December 31, 2007, the Township has outstanding debt in the amount of \$54,467 with \$7,203 due within one year. The loans were used to purchase a road grader and tractor for Township use. Payments are made semi-annually for the road grader and annually for the tractor.

Contacting the Government'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 Dolan, Fiscal Officer, 55365 Marietta Road, Pleasant City, Ohio 43772.

**VALLEY TOWNSHIP
GUERNSEY COUNTY**

**STATEMENT OF NET ASSETS-CASH BASIS
December 31, 2007**

	<u>Governmental Activities</u>
ASSETS:	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 238,793</u>
Total Assets	<u><u>\$ 238,793</u></u>
NET ASSETS:	
Restricted for:	
Debt Service	\$ 7,309
Other Purposes	154,064
Unrestricted	<u>77,420</u>
Total Net Assets	<u><u>\$ 238,793</u></u>

See notes to basic financial statements.

**VALLEY TOWNSHIP
GUERNSEY COUNTY**

**STATEMENT OF ACTIVITIES-CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Net (Disbursements) Receipts and Changes in Net Assets
Governmental Activities:					
General Government	\$ 40,606	\$ -	\$ -	\$ -	\$ (40,606)
Public Safety	18,372	-	-	-	(18,372)
Public Works	171,197	-	104,208	17,219	(49,770)
Health	26,259	9,150	-	-	(17,109)
Conservation/Recreation	387	-	-	-	(387)
Other	-	26	-	-	26
Capital Outlay	111,386	-	-	49,000	(62,386)
Debt Service:					
Principal Retirement	3,730	-	-	-	(3,730)
Interest and Fiscal Charges	796	-	-	-	(796)
Total Governmental Activities	\$ 372,733	\$ 9,176	\$ 104,208	\$ 66,219	\$ (193,130)

General Receipts:

Property Taxes Levied for:	
General Purposes	\$ 119,453
Grants and Entitlements not	
Restricted to Specific Programs	38,634
Sale of Notes	40,000
Sale of Fixed Assets	4,230
Interest	8,576
Miscellaneous	627
	211,520
Total General Receipts	211,520
Change in Net Assets	18,390
Net Assets Beginning of Year	220,403
Net Assets End of Year	\$ 238,793

See notes to the basic financial statements.

VALLEY TOWNSHIP
GUERNSEY COUNTY

STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
December 31, 2007

	General	Gas Tax	Road and Bridge	Cemetery II	Fire District	Other Governmental Funds	Total Governmental Funds
ASSETS:							
Equity in Pooled Cash and cash Equivalents	\$ 77,420	\$ 19,671	\$ 11,558	\$ 52,532	\$ 48,352	\$ 29,260	\$ 238,793
Total Assets	<u>\$ 77,420</u>	<u>\$ 19,671</u>	<u>\$ 11,558</u>	<u>\$ 52,532</u>	<u>\$ 48,352</u>	<u>\$ 29,260</u>	<u>\$ 238,793</u>
Fund Balances:							
Unreserved:							
General Fund	\$ 77,420	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 77,420
Special Revenue Funds	-	19,671	11,558	52,532	48,352	21,951	154,064
Debt Service Fund	-	-	-	-	-	7,309	7,309
Total Fund Balances	<u>\$ 77,420</u>	<u>\$ 19,671</u>	<u>\$ 11,558</u>	<u>\$ 52,532</u>	<u>\$ 48,352</u>	<u>\$ 29,260</u>	<u>\$ 238,793</u>

See notes to basic financial statements.

**VALLEY TOWNSHIP
GUERNSEY COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
GOVERNMENTAL FUNDS
December 31, 2007**

	<u>General</u>	<u>Gasoline Tax</u>	<u>Road and Bridge</u>	<u>Cemetery II</u>	<u>Fire District</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
CASH RECEIPTS							
Property and Other Local Taxes	\$ 21,231	\$ -	\$ 52,484	\$ -	\$ 24,449	\$ 21,289	\$ 119,453
Licenses, Permits and Fees	1,093	-	-	26	-	7,200	8,319
Intergovernmental	21,652	82,127	6,969	-	3,036	43,351	157,135
Interest	8,576	1,137	-	-	-	670	10,383
Other	538	46	15	1,950	-	54	2,603
Total Receipts	53,090	83,310	59,468	1,976	27,485	72,564	297,893
CASH DISBURSEMENTS:							
Current:							
General Government	40,606	-	-	-	-	-	40,606
Public Safety	-	-	-	-	18,372	-	18,372
Public Works	-	86,332	66,311	-	-	18,554	171,197
Health	-	-	-	-	-	26,259	26,259
Conservation/Recreation	387	-	-	-	-	-	387
Capital Outlay	1,785	20,000	68,765	-	-	20,836	111,386
Debt Service:							
Principal Retirement	-	-	-	-	-	3,730	3,730
Interest and Fiscal Charges	-	-	-	-	-	796	796
Total Disbursements	42,778	106,332	135,076	-	18,372	70,175	372,733
Excess of Receipts Over (Under) Disbursements	10,312	(23,022)	(75,608)	1,976	9,113	2,389	(74,840)
OTHER FINANCING SOURCES (USES)							
Sale of Notes	-	20,000	20,000	-	-	-	40,000
Sale of Fixed Assets	-	-	4,230	-	-	-	4,230
Grant Proceeds	-	-	49,000	-	-	-	49,000
Advances In	5,000	-	5,000	-	-	-	10,000
Advances Out	(5,000)	-	(5,000)	-	-	-	(10,000)
Total Other Financing Sources (Uses)	-	20,000	73,230	-	-	-	93,230
Net Changes in Fund Balances	10,312	(3,022)	(2,378)	1,976	9,113	2,389	18,390
Cash Fund Balances Beginning of Year	67,108	22,693	13,936	50,556	39,239	26,871	220,403
Cash Fund Balances End of Year	\$ 77,420	\$ 19,671	\$ 11,558	\$ 52,532	\$ 48,352	\$ 29,260	\$ 238,793

See notes to basic financial statements.

**VALLEY TOWNSHIP
GUERNSEY COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
CASH RECEIPTS				
Property and Other Local Taxes	\$ 19,115	\$ 19,115	\$ 21,231	\$ 2,116
Licenses, Permits and Fees	800	800	1,093	293
Intergovernmental	20,522	20,522	21,652	1,130
Interest	7,000	7,000	8,576	1,576
Other	500	500	538	38
Total Receipts	<u>47,937</u>	<u>47,937</u>	<u>53,090</u>	<u>5,153</u>
CASH DISBURSEMENTS:				
Current:				
General Government	109,745	109,745	40,606	69,139
Conservation/Recreation	2,500	2,500	387	2,113
Capital Outlay	2,800	2,800	1,785	1,015
Total Disbursements	<u>115,045</u>	<u>115,045</u>	<u>42,778</u>	<u>72,267</u>
Excess of Receipts Over (Under) Disbursements	(67,108)	(67,108)	10,312	77,420
OTHER FINANCING SOURCES (USES)				
Advances In	-	-	5,000	5,000
Advances Out	-	-	(5,000)	(5,000)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(67,108)	(67,108)	10,312	77,420
Cash Fund Balances Beginning of Year	<u>67,108</u>	<u>67,108</u>	<u>67,108</u>	<u>-</u>
Cash Fund Balances End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 77,420</u>	<u>\$ 77,420</u>

See notes to basic financial statements.

**VALLEY TOWNSHIP
GUERNSEY COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
BUDGET AND ACTUAL - BUDGET BASIS
GASOLINE TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
CASH RECEIPTS				
Intergovernmental	\$ 77,180	\$ 77,180	\$ 82,127	\$ 4,947
Interest	800	800	1,137	337
Other	-	-	46	46
Total Receipts	<u>77,980</u>	<u>77,980</u>	<u>83,310</u>	<u>5,330</u>
CASH DISBURSEMENTS:				
Current:				
Public Works	100,673	100,673	86,332	14,341
Capital Outlay	20,000	20,000	20,000	-
Total Disbursements	<u>120,673</u>	<u>120,673</u>	<u>106,332</u>	<u>14,341</u>
Excess of Receipts Over (Under) Disbursements	(42,693)	(42,693)	(23,022)	19,671
OTHER FINANCING SOURCES (USES)				
Sale of Notes	20,000	20,000	20,000	-
Total Other Financing Sources (Uses)	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>-</u>
Net Change in Fund Balance	(22,693)	(22,693)	(3,022)	19,671
Cash Fund Balances Beginning of Year	<u>22,693</u>	<u>22,693</u>	<u>22,693</u>	<u>-</u>
Cash Fund Balances End of Year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 19,671</u></u>	<u><u>\$ 19,671</u></u>

See notes to basic financial statements.

**VALLEY TOWNSHIP
GUERNSEY COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
BUDGET AND ACTUAL - BUDGET BASIS
ROAD AND BRIDGE FUND
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
CASH RECEIPTS				
Property and Other Local Taxes	\$ 50,477	\$ 50,477	\$ 52,484	\$ 2,007
Intergovernmental	6,780	6,780	6,969	189
Other	-	-	15	15
Total Receipts	<u>57,257</u>	<u>57,257</u>	<u>59,468</u>	<u>2,211</u>
CASH DISBURSEMENTS:				
Current:				
Public Works	69,735	69,735	66,311	3,424
Capital Outlay	70,458	70,458	68,765	1,693
Total Disbursements	<u>140,193</u>	<u>140,193</u>	<u>135,076</u>	<u>5,117</u>
Excess of Receipts Over (Under) Disbursements	(82,936)	(82,936)	(75,608)	7,328
OTHER FINANCING SOURCES (USES)				
Sale of Notes	20,000	20,000	20,000	-
Sale of Fixed Assets	-	-	4,230	4,230
Grant Proceeds	49,000	49,000	49,000	-
Advances In	-	-	5,000	5,000
Advances Out	-	-	(5,000)	(5,000)
Total Other Financing Sources (Uses)	<u>69,000</u>	<u>69,000</u>	<u>73,230</u>	<u>4,230</u>
Net Change in Fund Balance	(13,936)	(13,936)	(2,378)	11,558
Cash Fund Balances Beginning of Year	<u>13,936</u>	<u>13,936</u>	<u>13,936</u>	<u>-</u>
Cash Fund Balances End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,558</u>	<u>\$ 11,558</u>

See notes to basic financial statements.

**VALLEY TOWNSHIP
GUERNSEY COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
BUDGET AND ACTUAL - BUDGET BASIS
CEMETERY II
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>Actual</u>
CASH RECEIPTS				
Licenses, Permits and Fees	\$ -	\$ -	\$ 26	\$ 26
Other	1,800	1,800	1,950	150
Total Receipts	1,800	1,800	1,976	176
CASH DISBURSEMENTS:				
Current:				
Health	2,101	2,101	-	2,101
Capital Outlay	50,000	50,000	-	50,000
Contingencies	255	255	-	255
Total Disbursements	52,356	52,356	-	52,356
Excess of Receipts Over (Under) Disbursements	(50,556)	(50,556)	1,976	52,532
Cash Fund Balances Beginning of Year	50,556	50,556	50,556	-
Cash Fund Balances End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 52,532</u>	<u>\$ 52,532</u>

See notes to basic financial statements.

**VALLEY TOWNSHIP
GUERNSEY COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
BUDGET AND ACTUAL - BUDGET BASIS
FIRE DISTRICT
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
CASH RECEIPTS				
Property and Other Local Taxes	\$ 21,522	\$ 21,522	\$ 24,449	\$ 2,927
Intergovernmental	3,449	3,449	3,036	(413)
Total Receipts	24,971	24,971	27,485	2,514
CASH DISBURSEMENTS:				
Current:				
Public Safety	64,210	64,210	18,372	45,838
Total Disbursements	64,210	64,210	18,372	45,838
Excess of Receipts Over (Under) Disbursements	(39,239)	(39,239)	9,113	48,352
Cash Fund Balances Beginning of Year	39,239	39,239	39,239	-
Cash Fund Balances End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 48,352</u>	<u>\$ 48,352</u>

See notes to basic financial statements.

**VALLEY TOWNSHIP
GUERNSEY COUNTY**

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

	<u>Governmental Activities</u>
ASSETS:	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 220,403</u>
Total Assets	<u><u>\$ 220,403</u></u>
NET ASSETS:	
Restricted for:	
Debt Service	\$ 2,550
Other Purposes	150,745
Unrestricted	<u>67,108</u>
Total Net Assets	<u><u>\$ 220,403</u></u>

See notes to basic financial statements.

**VALLEY TOWNSHIP
GUERNSEY COUNTY**

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

	<u>Cash Disbursements</u>	<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net (Disbursements) Receipts and Changes in Net Assets</u>
Governmental Activities:					
General Government	\$ 42,423	\$ -	\$ -	\$ -	\$ (42,423)
Public Safety	17,924	-	-	-	(17,924)
Public Works	166,292	-	101,507	17,219	(47,566)
Health	34,540	7,800	-	-	(26,740)
Conservation/Recreation	152	-	-	-	(152)
Other	300	281	-	-	(19)
Capital Outlay	71,549	-	-	-	(71,549)
Debt Service:					
Principal Retirement	1,803	-	-	-	(1,803)
Interest and Fiscal Charges	467	-	-	-	(467)
Total Governmental Activities	<u>\$ 335,450</u>	<u>\$ 8,081</u>	<u>\$ 101,507</u>	<u>\$ 17,219</u>	<u>\$ (208,643)</u>

General Receipts:

Property Taxes Levied for:	
General Purposes	\$ 107,419
Grants and Entitlements not	
Restricted to Specific Programs	39,931
Sale of Notes	20,000
Sale of Fixed Assets	1,222
Interest	8,104
Miscellaneous	1,843
Total General Receipts	<u>178,519</u>
 Change in Net Assets	 (30,124)
 Net Assets Beginning of Year	 <u>250,527</u>
 Net Assets End of Year	 <u>\$ 220,403</u>

See notes to the basic financial statements.

VALLEY TOWNSHIP
GUERNSEY COUNTY

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

	General	Gas Tax	Road and Bridge	Cemetery II	Fire District	Other Governmental Funds	Total Governmental Funds
ASSETS:							
Equity in Pooled Cash and cash Equivalents	\$ 67,108	\$ 22,693	\$ 13,936	\$ 50,556	\$ 39,239	\$ 26,871	\$ 220,403
Total Assets	<u>\$ 67,108</u>	<u>\$ 22,693</u>	<u>\$ 13,936</u>	<u>\$ 50,556</u>	<u>\$ 39,239</u>	<u>\$ 26,871</u>	<u>\$ 220,403</u>
Fund Balances:							
Unreserved:							
General Fund	\$ 67,108	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 67,108
Special Revenue Funds	-	22,693	13,936	50,556	39,239	24,321	150,745
Debt Service Fund	-	-	-	-	-	2,550	2,550
Total Fund Balances	<u>\$ 67,108</u>	<u>\$ 22,693</u>	<u>\$ 13,936</u>	<u>\$ 50,556</u>	<u>\$ 39,239</u>	<u>\$ 26,871</u>	<u>\$ 220,403</u>

See notes to basic financial statements.

**VALLEY TOWNSHIP
GUERNSEY COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
GOVERNMENTAL FUNDS
December 31, 2006**

	<u>General</u>	<u>Gasoline Tax</u>	<u>Road and Bridge</u>	<u>Cemetery II</u>	<u>Fire District</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
CASH RECEIPTS							
Property and Other Local Taxes	\$ 18,284	\$ -	\$ 47,206	\$ -	\$ 23,647	\$ 18,282	\$ 107,419
Licenses, Permits and Fees	102	-	-	5,981	-	450	6,533
Intergovernmental	21,258	81,382	7,196	-	4,245	42,286	156,367
Interest	8,104	903	-	-	-	835	9,842
Other	1,355	87	222	2,100	-	179	3,943
Total Receipts	49,103	82,372	54,624	8,081	27,892	62,032	284,104
CASH DISBURSEMENTS:							
Current:							
General Government	41,652	25	-	147	-	599	42,423
Public Safety	-	-	-	-	17,348	576	17,924
Public Works	-	78,662	66,852	-	-	20,778	166,292
Health	-	-	-	8,351	-	26,189	34,540
Conservation/Recreation	152	-	-	-	-	-	152
Capital Outlay	5,012	30,000	-	8,899	-	27,638	71,549
Debt Service:							
Principal Retirement	-	-	-	-	-	1,803	1,803
Interest and Fiscal Charges	-	-	-	-	-	467	467
Total Disbursements	46,816	108,687	66,852	17,397	17,348	78,050	335,150
Excess of Receipts Over (Under) Disbursements	2,287	(26,315)	(12,228)	(9,316)	10,544	(16,018)	(51,046)
OTHER FINANCING SOURCES (USES)							
Sale of Notes	-	20,000	-	-	-	-	20,000
Sale of Fixed Assets	98	758	-	122	-	244	1,222
Other Financing Uses	-	-	-	(300)	-	-	(300)
Total Other Financing Sources (Uses)	98	20,758	-	(178)	-	244	20,922
Net Changes in Fund Balances	2,385	(5,557)	(12,228)	(9,494)	10,544	(15,774)	(30,124)
Cash Fund Balances Beginning of Year	64,723	28,250	26,164	60,050	28,695	42,645	250,527
Cash Fund Balances End of Year	\$ 67,108	\$ 22,693	\$ 13,936	\$ 50,556	\$ 39,239	\$ 26,871	\$ 220,403

See notes to basic financial statements.

**VALLEY TOWNSHIP
GUERNSEY COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
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>		
CASH RECEIPTS				
Property and Other Local Taxes	\$ 16,631	\$ 16,697	\$ 18,284	\$ 1,587
Licenses, Permits and Fees	48	48	102	54
Intergovernmental	20,265	20,217	21,258	1,041
Interest	7,500	7,500	8,104	604
Other	1,318	1,300	1,355	55
Total Receipts	45,762	45,762	49,103	3,341
CASH DISBURSEMENTS:				
Current:				
General Government	105,035	101,588	41,652	59,936
Conservation/Recreation	950	1,197	152	1,045
Capital Outlay	4,500	7,700	5,012	2,688
Total Disbursements	110,485	110,485	46,816	63,669
Excess of Receipts Over (Under) Disbursements	(64,723)	(64,723)	2,287	67,010
OTHER FINANCING SOURCES (USES)				
Sale of Fixed Assets	-	-	98	98
Total Other Financing Sources (Uses)	-	-	98	98
Net Change in Fund Balance	(64,723)	(64,723)	2,385	67,108
Cash Fund Balances Beginning of Year	64,723	64,723	64,723	-
Cash Fund Balances End of Year	\$ -	\$ -	\$ 67,108	\$ 67,108

See notes to basic financial statements.

**VALLEY TOWNSHIP
GUERNSEY COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
BUDGET AND ACTUAL - BUDGET BASIS
GASOLINE 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>		
CASH RECEIPTS				
Intergovernmental	\$ 69,000	\$ 69,000	\$ 81,382	\$ 12,382
Interest	1,200	1,200	903	(297)
Other	-	-	87	87
Total Receipts	<u>70,200</u>	<u>70,200</u>	<u>82,372</u>	<u>12,172</u>
CASH DISBURSEMENTS:				
Current:				
General Government	2,000	2,000	25	1,975
Public Works	81,450	85,050	78,662	6,388
Capital Outlay	15,000	31,400	30,000	1,400
Total Disbursements	<u>98,450</u>	<u>118,450</u>	<u>108,687</u>	<u>9,763</u>
Excess of Receipts Over (Under) Disbursements	(28,250)	(48,250)	(26,315)	21,935
OTHER FINANCING SOURCES (USES)				
Sale of Notes	-	20,000	20,000	-
Sale of Fixed Assets	-	-	758	758
Total Other Financing Sources (Uses)	<u>-</u>	<u>20,000</u>	<u>20,758</u>	<u>758</u>
Net Change in Fund Balance	(28,250)	(28,250)	(5,557)	22,693
Cash Fund Balances Beginning of Year	<u>28,250</u>	<u>28,250</u>	<u>28,250</u>	<u>-</u>
Cash Fund Balances End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,693</u>	<u>\$ 22,693</u>

See notes to basic financial statements.

**VALLEY TOWNSHIP
GUERNSEY COUNTY**

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>Actual</u>
CASH RECEIPTS				
Property and Other Local Taxes	\$ 43,973	\$ 44,138	\$ 47,206	\$ 3,068
Intergovernmental	6,465	6,300	7,196	896
Other	-	-	222	222
Total Receipts	<u>50,438</u>	<u>50,438</u>	<u>54,624</u>	<u>4,186</u>
CASH DISBURSEMENTS:				
Current:				
Public Works	74,602	74,602	66,852	7,750
Capital Outlay	2,000	2,000	-	2,000
Total Disbursements	<u>76,602</u>	<u>76,602</u>	<u>66,852</u>	<u>9,750</u>
Excess of Receipts Over (Under) Disbursements	(26,164)	(26,164)	(12,228)	13,936
Cash Fund Balances Beginning of Year	<u>26,164</u>	<u>26,164</u>	<u>26,164</u>	<u>-</u>
Cash Fund Balances End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,936</u>	<u>\$ 13,936</u>

See notes to basic financial statements.

**VALLEY TOWNSHIP
GUERNSEY COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
BUDGET AND ACTUAL - BUDGET BASIS
CEMETERY II
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>		
CASH RECEIPTS				
Licenses, Permits and Fees	\$ 1,350	\$ 8,825	\$ 5,981	\$ (2,844)
Other	8,825	1,350	2,100	750
Total Receipts	<u>10,175</u>	<u>10,175</u>	<u>8,081</u>	<u>(2,094)</u>
CASH DISBURSEMENTS:				
Current:				
General Government	1,035	1,035	147	888
Health	16,190	12,043	8,351	3,692
Capital Outlay	50,250	54,397	8,899	45,498
Total Disbursements	<u>67,475</u>	<u>67,475</u>	<u>17,397</u>	<u>50,078</u>
Excess of Receipts Over (Under) Disbursements	<u>(57,300)</u>	<u>(57,300)</u>	<u>(9,316)</u>	<u>47,984</u>
OTHER FINANCING SOURCES (USES)				
Sale of Fixed Assets	-	-	122	122
Other Financing Uses	(2,750)	(2,750)	(300)	2,450
Total Other Financing Sources (Uses)	<u>(2,750)</u>	<u>(2,750)</u>	<u>(178)</u>	<u>2,572</u>
Net Change in Fund Balance	<u>(60,050)</u>	<u>(60,050)</u>	<u>(9,494)</u>	<u>50,556</u>
Cash Fund Balances Beginning of Year	<u>60,050</u>	<u>60,050</u>	<u>60,050</u>	<u>-</u>
Cash Fund Balances End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,556</u>	<u>\$ 50,556</u>

See notes to basic financial statements.

**VALLEY TOWNSHIP
GUERNSEY COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
BUDGET AND ACTUAL - BUDGET BASIS
FIRE DISTRICT
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>		
CASH RECEIPTS				
Property and Other Local Taxes	\$ 21,357	\$ 21,450	\$ 23,647	\$ 2,197
Intergovernmental	3,217	3,124	4,245	1,121
Total Receipts	24,574	24,574	27,892	3,318
CASH DISBURSEMENTS:				
Current:				
Public Safety	53,269	53,269	17,348	35,921
Total Disbursements	53,269	53,269	17,348	35,921
Excess of Receipts Over (Under) Disbursements	(28,695)	(28,695)	10,544	39,239
Cash Fund Balances Beginning of Year	28,695	28,695	28,695	-
Cash Fund Balances End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,239</u>	<u>\$ 39,239</u>

See notes to basic financial statements.

**VALLEY TOWNSHIP
GUERNSEY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

1. DESCRIPTION OF THE REPORTING ENTITY

Reporting Entity

The Township of Valley, Guernsey County, is a body politic and corporate established 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 and a publicly elected 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 road and bridge maintenance and cemetery maintenance. The Township contracts with the Pleasant City Volunteer Fire Department for fire protection.

Component Units

Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Township is obligated for the debt of the organization. The Township is also financially accountable for any organizations that are fiscally dependent on the Township in that the Township approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Township, are accessible to the Township and are significant in amount to the Township.

Valley Township has no component units.

Joint Ventures, Jointly Governed Organizations and Public Entity Risk Pools

A joint venture is a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility. Under the cash basis of accounting, the Township does not report assets for equity interest in joint ventures.

The Township participates in a public entity risk pool. Note 5 to the financial statements provide additional information for this entity. This organization is: Public Entity Risk Pool: Ohio Township Association Risk Management Authority (OTARMA).

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

**VALLEY TOWNSHIP
GUERNSEY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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, in which case GASB prevails. Following are more 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 assets 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 assets and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government. The statements distinguish between those activities or the Township that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or service. The Township has no business-type activities.

The statement of net assets present the cash balance 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 programs 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 limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function 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 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. Non-major funds are aggregated and presented in a single column.

**VALLEY TOWNSHIP
GUERNSEY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 one category: governmental.

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 for 2007 are the General Fund, Gasoline Tax Fund, Road and Bridge Fund, Cemetery II Fund and Fire District Fund. The Township's major governmental funds for 2006 are the General Fund, Gasoline Tax Fund, Road and Bridge Fund, Cemetery II 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 Gasoline Tax Fund is used for Trustee's salary and for the maintenance and up keep of roads and bridges. The Road and Bridge Fund is used for the maintenance and upkeep of roads and bridges. The Cemetery II Fund is funded by the proceeds of sales and fees associated with Township cemeteries and the proceeds are used to provide maintenance and other services associated with the cemeteries. The Fire District Fund uses property taxes collected to provide fire protection services to the Township residents. The other governmental funds of the Township account for grants and other resources whose use is restricted 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. There were no modifications having substantial support.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue billed or provided services not yet collected) and certain liabilities (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.

**VALLEY TOWNSHIP
GUERNSEY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Process

All funds are legally required to be budgeted and appropriated (except certain agency funds). 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 ordinance is the Township's authorization to spend resources and set 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 Fiscal Officer. The amounts reported in the original budget 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 and Investments

To improve cash management, cash received by the Township is deposited into an interest bearing checking account, which earns 4.13 percent interest. In 2007 and 2006, interest credited to the General Fund was \$8,576 and \$8,104, respectively.

Restricted Assets

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

**VALLEY TOWNSHIP
GUERNSEY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Note 6, the employer contributions include portions for pension benefits and for postretirement health care 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 capital outlay expenditure are reported at inception. Lease payments are reported when paid.

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 gasoline tax receipts used for the upkeep of Township roads and bridges, road and bridge property taxes used for the upkeep of Township roads and bridges, and road district property taxes used for the upkeep of Township roads.

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.

Fund Balance Reserve

The Township may reserve any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. The Township has no reserves as of December 31, 2007 and 2006. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods.

**VALLEY TOWNSHIP
GUERNSEY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interfund Transactions

Exchange transactions between funds are reported as cash receipts in the seller funds and as cash disbursements in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular cash disbursements to the funds that initially paid for them are not presented on the financial statements. In the government-wide statements, transfers within governmental activities are eliminated.

3. 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 is prepared on the budgetary basis to provide a meaningful comparisons of actual results with the budget. The differences between the budgetary basis and the cash basis is outstanding year-end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). There were no outstanding encumbrances at year-end for 2007 and 2006.

4. DEPOSITS

Monies held by the Township are classified by State 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, including negotiable order of withdrawal (NOW) accounts.

Inactive deposits are public deposits that the Township has identified as not required for use within the current five-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Township can be deposited or invested in the following securities:

**VALLEY TOWNSHIP
GUERNSEY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

4. DEPOSITS (Continued)

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;
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 issuance 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 obligation 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 obligation 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.

Protection of the Township's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by collateral pledged to the Township by the financial institution, or by a collateral pool established by the financial institution, to secure the repayment of all public monies deposited with the institution. Advantage Bank is the financial institution for Valley Township.

The Township did not have any undeposited cash on hand for 2007 and 2006.

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 the possession of an outside party. At year ended December 31, 2007, \$140,357 of the Township's bank balance of \$240,357 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. At year ended December 31, 2006, \$124,224 of the Township's bank balance of \$224,224 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.

**VALLEY TOWNSHIP
GUERNSEY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

4. DEPOSITS (Continued)

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.

5. 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. OTARMA is a member of the American Public Entity Excess Pool (APEEP). 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 Coverage

For an occurrence prior to January 1, 2006, OTARMA retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence, including loss adjustment expenses. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with OTARMA.

Property Coverage

Through 2004, OTARMA retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500 million per occurrence.

Beginning in 2005, The Travelers Indemnity Company reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members total insurable value. If the stop-loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2006 was \$1,901,127.

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

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

**VALLEY TOWNSHIP
GUERNSEY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

5. RISK MANAGEMENT (Continued)

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, 2006 and 2005, the latest information available.

Casualty Coverage	2006	2005
Assets	\$ 32,031,312	\$ 30,485,638
Liabilities	(11,443,952)	(12,344,576)
Retained Earnings	<u>\$ 20,587,360</u>	<u>\$ 18,141,062</u>
Property Coverage	2006	2005
Assets	\$ 10,010,963	\$ 9,177,796
Liabilities	(676,709)	(1,450,031)
Retained Earnings	<u>\$ 9,334,254</u>	<u>\$ 7,771,765</u>

At December 31, 2006 and 2005, respectively, casualty coverage liabilities noted above include approximately \$10.8 million and \$11.6 million of estimated incurred claims payable. The Casualty Coverage assets and retained earnings above also include approximately \$10.8 million and \$11.6 million of unpaid claims to be billed to approximately 958 member governments in the future, as of December 31, 2006 and 2005, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$6,910. This payable includes the subsequent year's contribution due if the Township terminates participation, as described in the last paragraph.

Based on discussion 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. The Townships contributions to OTARMA for the past three years are as follows:

<u>Contributions to OTARMA</u>	
2005	\$ 5,404
2006	\$ 5,092
2007	\$ 3,455

**VALLEY TOWNSHIP
GUERNSEY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

5. RISK MANAGEMENT (Continued)

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA provided they give written notice to OTARMA 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary 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.

6. 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) 222-6705 or (800) 222-7377.

For the years ended December 31, 2007 and 2006, the members in the traditional plan, were required to contribute 9.5 and 9.0, percent, respectively, of their annual covered salaries. The Township's contribution rate for pension benefits for 2007 and 2006 was 13.85 percent and 13.70 percent, respectively. 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, 2007, 2006, and 2005 were \$10,452, \$9,818, and \$9,222, respectively. The full amount has been contributed for 2007, 2006 and 2005. Contributions to the member-directed plan for 2007 were \$10,452 made by the Township and \$7,169 made by the plan members.

**VALLEY TOWNSHIP
GUERNSEY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

6. DEFINED BENEFIT PENSION PLAN (Continued)

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. 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 portion of employer contributions in 2007, for all employers, allocated to health care was 5.0 percent from January 1, 2007 through June 30, 2007 and 6.0% from July 1, 2007 through December 31, 2007.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as December 31, 2006, include a rate of return on investments of 6.5 percent, an annual increase in active employee total payroll of 4 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .5 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase between .50 percent and 5 percent annually for the next eight years and 4 percent annually after nine years.

All investments are carried at market value. 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 percent corridor.

The number of active contributing participants in the traditional and combined plans was 362,130. Actual employer contributions for 2007 and 2006, which were used to fund postemployment benefits were \$4,151 and \$3,225, respectively. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2006, (the latest information available) were \$12.0 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$30.7 billion and \$18.7 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. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

**VALLEY TOWNSHIP
GUERNSEY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

7. 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 2007 represent the collection of 2006 taxes. Real property taxes received in 2007 were levied after October 1, 2006, on the assessed values as of January 1, 2006, 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 circumstance, State statute permits alternate payment dates to be established.

Public utilities are also taxed on personal and real property located in the Township.

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

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

The full tax rate for all Township operations for the year ended December 31, 2007, was \$6.40 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2007 property tax receipts were based are as follows:

Real Property	
Residential	\$ 12,941,030
Agriculture	3,157,270
Commercial/Industrial/Mineral	1,251,790
Public Utility Property	
Real	-
Personal	2,031,350
Tangible Personal Property	<u>216,440</u>
Total Assessed Value	<u><u>\$ 19,597,880</u></u>

**VALLEY TOWNSHIP
GUERNSEY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

8. DEBT

Long -term debt of the Township as of December 31, 2007 were as follows:

	Balance January 1 2006	Additions	Deductions	Balance December 31 2007	Amount Due Within One Year
Road Grader	\$ -	\$ 20,000	\$ 5,533	\$ 14,467	\$ 3,903
Tractor	-	40,000	-	40,000	3,300
Totals	\$ -	\$ 60,000	\$ 5,533	\$ 54,467	\$ 7,203

In 2006, the Township issued equipment bonds in the amount of \$20,000 to be used for the purchase of a new road grader. Payments are made semi-annually at an interest rate of 4.57%. The full faith and credit of the Township has been pledged as collateral on said bonds.

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%. The full faith and credit of the Township has been pledged as collateral on said bonds.

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

Year Ending December 31	Road Grader		Tractor	
	Principal	Interest	Principal	Interest
2008	\$ 3,903	\$ 617	\$ 3,300	\$ 1,568
2009	4,083	437	3,500	1,514
2010	4,272	248	3,600	1,370
2011	2,209	50	3,700	1,221
2012	-	-	3,900	1,068
2013-2016	-	-	22,000	2,797
Totals	\$ 14,467	\$ 1,352	\$ 40,000	\$ 9,538

9. COMPLIANCE AND ACCOUNTABILITY

Contrary to Ohio Revised Code Section 5705.39, in 2006 the Township had funds that were appropriated more than estimated resources.

Contrary to Ohio Revised Code Section 5705.41(D), in 2007 and 2006 the Township had fiscal certificates that were dated after invoices.

**WOLFE, WILSON, & PHILLIPS, INC.
37 SOUTH SEVENTH STREET
ZANESVILLE, OHIO 43701**

**INDEPENDENT AUDITORS' 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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Valley Township, Guernsey County, Ohio, as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated April 28, 2008, wherein we noted the Township followed the cash basis of accounting, a comprehensive accounting basis other than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Valley 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.

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 a misstatement of the Township's financial statements that is more than inconsequential will not be prevented or detected by the Township's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Township's internal control.

Our consideration of internal control over financial reporting was for the limited purposes described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above. We noted certain matters that we have reported to management in a separate letter dated April 28, 2008.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Valley Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2007-01. Also, we noted certain immaterial instances of noncompliance that we have reported to the management of Valley Township in a separate letter dated April 28, 2008.

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

This report is intended for the information of the Township's management, fiscal officer, and Auditor of State, and is not intended to be and should not be used by anyone other than these specified parties.

Wolfe, Wilson, & Phillips, Inc.
Zanesville, Ohio
April 28, 2008

**VALLEY TOWNSHIP
GUERNSEY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006**

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

FINDING NUMBER 2007-01

Noncompliance Citation

Ohio Revised Code Section 5705.41(D), prohibits a subdivision or taxing authority from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in Ohio Revised Code Sections 5705.41(D)(1) and 5705.41(D)(3), respectively:

Then and Now Certificates - If the fiscal officer can certify that both at the time the contractor order was made and at the time that he/she is completing his/her certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any encumbrance, the taxing authority can authorize the drawing of a warrant for the payment of the amount due. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance.

Amounts of less than \$3,000 may be paid by the fiscal officer without such affirmation of the taxing authority upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

Blanket Certificate - Fiscal officers may prepare "blanket" certificates not exceeding an amount established by resolution or ordinance of the legislative authority against any specific line item account and cannot extend beyond the end of the fiscal year. The blanket certificate may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation. Blanket certificates cannot be issued unless there has been an amount approved by the legislative authority for the blanket.

Super Blanket Certificate - The Township may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to exceed beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

The Township did not properly certify the availability of funds prior to purchase commitment for 9.5% and 33.3% of the expenditures tested in 2007 and 2006, respectively. Failure to certify the availability of funds can result in overspending funds and negative cash fund balances.

**VALLEY TOWNSHIP
GUERNSEY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006**

Noncompliance Citation

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Township's funds exceeding budgetary spending limitations, we recommend that the Township Fiscal Officer certify that funds are or will be available prior to obligation by the Township. When prior certification is not possible, "then and now" certification should be used.

We recommend the Township certify purchases to which Section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language Section 5705.41(D) requires to authorize disbursements. The Township Fiscal Officer should sign the certification at the time the Township incurs a commitment, and only when the requirements of Section 5705.41(D) are satisfied. The Township Fiscal Officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

Client Response: We agree with finding and will continue to monitor.

**VALLEY TOWNSHIP
GUERNSEY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2007**

Finding Number	Finding Summary	Fully Corrected	Not Corrected, Partially Corrected Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2005-001	ORC 5705.41(D)(1) Invoices dated prior to fiscal certificate.	No	Not Corrected: Included in report as finding 2007-01.



Mary Taylor, CPA
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
JULY 1, 2008