

Valley Township
Scioto County
Regular Audit
For the Years Ended December 31, 2015 and 2014



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Dave Yost • Auditor of State

Board of Trustees
Valley Township
384 Cook Road
Lucasville, Ohio 45648

We have reviewed the *Independent Auditor's Report* of Valley Township, Scioto County, prepared by Millhuff-Stang, CPA, Inc., for the audit period January 1, 2014 through December 31, 2015. 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.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

August 24, 2016

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Valley Township
Scioto County
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For the Years Ended December 31, 2015 and 2014

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Independent Auditor's Report

Board of Trustees
Valley Township
Scioto County
384 Cook Road
Lucasville, Ohio 45648

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of Valley Township, Scioto County, (the Township) as of and for the years ended December 31, 2015 and 2014.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the 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.

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

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

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2015 and 2014, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Valley Township, Scioto County, as of December 31, 2015 and 2014, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2016 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. The 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.

Valley Township
Scioto County
Independent Auditor's Report
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A handwritten signature in black ink, reading "Natalie Millhuff-Stang". The signature is written in a cursive, flowing style.

Natalie Millhuff-Stang, CPA, CITP
President/Owner
Millhuff-Stang, CPA, Inc.
Portsmouth, Ohio

June 24, 2016

Valley Township
Scioto County
Combined Statement of Cash Receipts, Cash Disbursements and
Changes in Fund Cash Balances
All Governmental Fund Types
For the Year Ended December 31, 2015

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash Receipts:				
Property and Other Local Taxes	\$130,505	\$277,803	\$0	\$408,308
Charges for Services	0	33,634	0	33,634
Licenses, Permits, and Fees	22,440	18,250	0	40,690
Intergovernmental	43,468	166,691	0	210,159
Earnings on Investments	2,107	273	0	2,380
Miscellaneous	2,039	7,366	0	9,405
Total Cash Receipts	200,559	504,017	0	704,576
Cash Disbursements:				
Current:				
General Government	154,793	300	0	155,093
Public Safety	0	119,274	0	119,274
Public Works	14,512	192,072	0	206,584
Health	23,805	31,450	0	55,255
Capital Outlay	0	29,923	76,397	106,320
Debt Service:				
Redemption of Principal	0	31,754	0	31,754
Interest and Other Fiscal Charges	16,578	2,795	0	19,373
Total Cash Disbursements	209,688	407,568	76,397	693,653
Total Cash Receipts Over/(Under) Cash Disbursements	(9,129)	96,449	(76,397)	10,923
Other Financing Sources:				
Proceeds from Loans	0	0	1,800,000	1,800,000
Total Other Financing Sources	0	0	1,800,000	1,800,000
Excess of Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements	(9,129)	96,449	1,723,603	1,810,923
Fund Cash Balances, January 1	297,060	689,913	0	986,973
Fund Cash Balances, December 31				
Restricted for:				
Cemetery	0	9,175	0	9,175
Emergency Medical Services	0	240,507	0	240,507
Capital Projects	0	0	1,723,603	1,723,603
Fire Protection	0	132,755	0	132,755
Road and Bridge Maintenance and Repair	0	403,925	0	403,925
Unassigned	287,931	0	0	287,931
Fund Cash Balances, December 31	\$287,931	\$786,362	\$1,723,603	\$2,797,896

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

Valley Township
Scioto County
Combined Statement of Cash Receipts, Cash Disbursements and
Changes in Fund Cash Balances
All Governmental Fund Types
For the Year Ended December 31, 2014

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	General	Special Revenue	
Cash Receipts:			
Property and Other Local Taxes	\$127,988	\$257,842	\$385,830
Charges for Services	0	25,400	25,400
Licenses, Permits, and Fees	22,816	18,504	41,320
Intergovernmental	36,996	164,419	201,415
Earnings on Investments	871	193	1,064
Miscellaneous	17,114	10,272	27,386
Total Cash Receipts	205,785	476,630	682,415
Cash Disbursements:			
Current:			
General Government	174,146	131	174,277
Public Safety	0	85,091	85,091
Public Works	13,860	255,073	268,933
Health	23,999	21,398	45,397
Capital Outlay	0	242,736	242,736
Debt Service:			
Redemption of Principal	0	30,437	30,437
Interest and Other Fiscal Charges	0	4,112	4,112
Total Cash Disbursements	212,005	638,978	850,983
Total Cash Receipts Over/(Under) Cash Disbursements	(6,220)	(162,348)	(168,568)
Other Financing Sources:			
Sale of Capital Assets	9,309	45,222	54,531
Total Other Financing Sources	9,309	45,222	54,531
Excess of Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements	3,089	(117,126)	(114,037)
Fund Cash Balances, January 1	293,971	807,039	1,101,010
Restricted for:			
Cemetery	0	16,375	16,375
Emergency Medical Services	0	183,915	183,915
Fire Protection	0	157,933	157,933
Road and Bridge Maintenance and Repair	0	331,690	331,690
Assigned	3,885	0	3,885
Unassigned	293,175	0	293,175
Fund Cash Balances, December 31	\$297,060	\$689,913	\$986,973

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

Valley Township
Scioto County
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 1 – Summary of Significant Accounting Policies

Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Valley Township, Scioto County, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, and fire protection.

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

Basis of Accounting

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

Fund Accounting

The Township uses fund accounting to segregate cash that is restricted as to use. The Township classifies its funds into the following types:

General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

Special Revenue Funds

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

Gasoline Tax Fund – This fund received gasoline tax money for constructing, maintaining, and repairing Township roads.

Road Special Levy Fund – This fund received property tax monies for constructing, maintaining, and repairing Township roads.

Fire Special Levy Fund – This fund received property tax monies for fire protection.

Capital Project Funds

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Township had the following significant Capital Project Fund:

Valley Township
Scioto County
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 1 – Summary of Significant Accounting Policies (Continued)

Capital Projects Fund – This fund received bond proceeds for the construction of a new community building and fire department.

Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

Appropriations

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

Estimated Resources

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

Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year-end are cancelled and re-appropriated in the subsequent year.

A summary of the 2015 and 2014 budgetary activity appears in Note 3.

Fund Balances

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

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

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

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

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

Valley Township
Scioto County
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 1 – Summary of Significant Accounting Policies (Continued)

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

The 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.

Property, Plant, and Equipment

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

Accumulated Leave

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

Note 2 – Equity in Pooled Cash

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

	2015	2014
Demand Deposits	\$2,797,896	\$986,973

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

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2015 follows:

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$200,023	\$200,559	\$536
Special Revenue	503,731	504,017	286
Capital Projects	1,800,000	1,800,000	0
Total	\$2,503,754	\$2,504,576	\$822

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$390,000	\$209,688	\$180,312
Special Revenue	968,967	407,568	561,399
Capital Projects	1,000,000	76,397	923,603
Total	\$2,358,967	\$693,653	\$1,665,314

Valley Township
Scioto County
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 3 – Budgetary Activity (Continued)

Budgetary activity for the year ending December 31, 2014 follows:

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$168,303	\$215,094	\$46,791
Special Revenue	460,445	521,852	61,407
Total	<u>\$628,748</u>	<u>\$736,946</u>	<u>\$108,198</u>

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$461,421	\$215,890	\$245,531
Special Revenue	1,139,584	638,978	500,606
Total	<u>\$1,601,005</u>	<u>\$854,868</u>	<u>\$746,137</u>

Note 4 – Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts.

Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

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

Note 5 – Debt

Debt outstanding at December 31, 2015 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Loan for purchase of fire truck	\$32,554	4.25%
2015 Community Service Building Bonds	\$1,800,000	3.490%

The Township purchased a fire truck through a third-party financing company to be used for public safety within the Township. The original amount of the loan was for \$205,000. Annual payments in the amount of \$34,549 are due throughout the term of the loan which concludes on August 20, 2016. The loan is secured by the fire truck.

The 2015 community service building bonds were issued for the purpose of construction a new community service building. The bonds carry an interest rate of 3.49% and a term of 20 years. These bonds are general obligations bonds that are secured by the full faith and credit of the Township.

Valley Township
Scioto County
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 5 – Debt (Continued)

These bonds are subject to mandatory sinking fund redemption at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption on December 1 in the year and in the respective principal amount as follows:

2016	\$63,715
2017	65,939
2018	68,240
2019	70,622
2020	73,087
2021	75,637
2022	78,277
2023	81,009
2024	83,836
2025	86,762
2026	89,790
2027	92,924
2028	96,167
2029	99,523
2030	102,996
2031	106,591
2032	110,311
2033	114,161
2034	118,145
2035	122,268

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

Year Ending December 31:	Loan Fire Truck	Community Building Bonds
2016	\$34,549	\$126,535
2017	0	126,535
2018	0	126,535
2019	0	126,535
2020	0	126,535
2021 – 2025	0	632,677
2026 – 2030	0	632,677
2031 - 2035	0	632,677
Totals	\$34,549	\$2,530,706

Note 6 – Retirement System

The Township’s employees and officials belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which includes postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2015 and 2014, OPERS members contributed 10% of their gross salaries, with the Township contributing an amount equal to 14% of participants’ gross salaries. The Township has paid all contributions required through December 31, 2015.

Valley Township
Scioto County
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

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, 2015, 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, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Assets	\$37,313,311	\$35,970,263
Liabilities	(8,418,518)	(8,912,432)
Net Position	<u>\$28,894,793</u>	<u>\$27,057,831</u>

At December 31, 2015 and 2014, respectively, the liabilities above include approximately \$7.8 million and \$8.2 million of estimated incurred claims payable. The assets above also include approximately \$7.7 million and \$7.2 million of unpaid claims to be billed to approximately 989 members and 957 member governments in the future, as of December 31, 2015 and 2014, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2015, the Township’s share of these unpaid claims collectable in future years is approximately \$11,000.

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.

Valley Township
Scioto County
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 7 – Risk Management (Continued)

Contributions to OTARMA

2015	2014
<u>\$21,973</u>	<u>\$22,097</u>

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.

Note 8 – Contingent Liabilities

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

Note 9 – Subsequent Event

On January 11, 2016, the Township agreed to accept the bid for the building of a new community center and fire department from Mullins Construction for \$1,514,999. The Township plans to fund the community center and fire department with bonds that were issued in 2015.

On April 19, 2016, the Township agreed to accept the bid for a new tanker truck and pumper truck from All American for a purchase price of \$216,979 for the tanker truck and \$405,785 for the pumper truck. The Township plans to make a down payment of \$50,000 on each truck and finance the remaining balance.

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Board of Trustees
Valley Township
Scioto County
384 Cook Road
Lucasville, Ohio 45648

We have audited 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, the financial statements of Valley Township, Scioto County, (the Township) as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements, and have issued our report thereon dated June 24, 2016, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Township’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Township’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2015-001 that we consider to be a material weakness.

Valley Township
Scioto County

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an
Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free from 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Township's Responses to Findings

The Township's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The Township's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Natalie Millhuff-Stang, CPA, CITP
President/Owner
Millhuff-Stang, CPA, Inc.
Portsmouth, Ohio

June 24, 2016

Valley Township
Scioto County
Schedule of Findings and Responses
For the Years Ended December 31, 2015 and 2014

Findings Related to the Financial Statements Required to be Reported in Accordance With GAGAS

Finding Number 2015-001

Material Weakness – Financial Reporting

A monitoring system by the Township should be in place to prevent or detect misstatements for the accurate presentation of the Township's financial statements. During 2015 and 2014, the Township erroneously posted various transactions and balances. These errors required reclassifications and adjustments, which are reflected in the accompanying financial statements, in order to properly present the activity of the Township for each year. The Township should implement additional monitoring procedures to ensure transactions are properly recorded.

Township Response:

This was an oversight. I was not aware that these funds had to be separated from the regular MVL revenue. I have already taken steps to correct this going forward.

Valley Township
Scioto County
Schedule of Prior Audit Findings
For the Years Ended December 31, 2015 and 2014

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
Finding 2013-1	Noncompliance –ORC Section 5705.41(B) – Expenditures in Excess of Appropriations	Yes	



Dave Yost • Auditor of State

VALLEY TOWNSHIP

SCIOTO 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
SEPTEMBER 6, 2016