



OHIO AUDITOR OF STATE
KEITH FABER



VALLEY TOWNSHIP
SCIOTO COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) All Governmental Fund Types For the Year Ended December 31, 2023.....	5
Notes to the Financial Statements For the Year Ended December 31, 2023.....	7
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) All Governmental Fund Types For the Year Ended December 31, 2022.....	15
Notes to the Financial Statements For the Year Ended December 31, 2022.....	17
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	25

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Valley Township
Scioto County
P.O. Box 489
Lucasville, Ohio 45648

To the Board of Trustees:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Valley Township, Scioto County, Ohio (the Township), which comprises the cash balances, receipts and disbursements for each governmental fund type combined total as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type combined total as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

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* section of our report, the accompanying financial statements 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, 2023 and 2022, or the changes in financial position thereof for the years then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Township, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 2 of the financial statements, the financial statements are prepared by the Township on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 20, 2024, 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 purpose of that report is solely 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 effectiveness of the Township's 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.



Keith Faber
Auditor of State
Columbus, Ohio
May 20, 2024

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Valley Township
Scioto County, Ohio
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2023

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$215,122	\$584,932	\$157,820		\$957,874
Charges for Services		9,726			9,726
Licenses, Permits and Fees	26,862	24,400			51,262
Intergovernmental	39,229	167,095	4,005		210,329
Earnings on Investments	4,121	2,628			6,749
Miscellaneous	2,156	28,684			30,840
<i>Total Cash Receipts</i>	<u>287,490</u>	<u>817,465</u>	<u>161,825</u>	<u>0</u>	<u>1,266,780</u>
Cash Disbursements					
Current:					
General Government	108,839	155,373			264,212
Public Safety		243,209			243,209
Public Works	21,556	199,258			220,814
Health	28,358	36,354			64,712
Capital Outlay		6,892			6,892
Debt Service:					
Principal Retirement		102,315	81,009		183,324
Interest and Fiscal Charges		15,008	47,415		62,423
<i>Total Cash Disbursements</i>	<u>158,753</u>	<u>758,409</u>	<u>128,424</u>	<u>0</u>	<u>1,045,586</u>
<i>Net Change in Fund Cash Balances</i>	128,737	59,056	33,401	0	221,194
<i>Fund Cash Balances, January 1</i>	<u>249,022</u>	<u>1,087,943</u>	<u>161,322</u>	<u>5,261</u>	<u>1,503,548</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$377,759</u></u>	<u><u>\$1,146,999</u></u>	<u><u>\$194,723</u></u>	<u><u>\$5,261</u></u>	<u><u>\$1,724,742</u></u>

See accompanying notes to the basic financial statements

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Valley Township
Scioto County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 1 – Reporting 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, fire protection, and EMS/rescue services.

The Township participates in a public entity risk pool. Note 6 to the financial statements provides additional information for this entity. This organization is the Ohio Township Association Risk Management Authority (OTARMA). This is a risk sharing pool available to all townships for property and casualty insurance coverage.

The Township's management believes this financial statement presents all activities for which the Township is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Township's financial statement consists of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types.

Fund Accounting

The Township uses funds 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. The funds of the Township are presented below:

General Fund – The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds – These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant special revenue funds:

Fire Levy Fund – This fund received property tax monies for the provision of fire protection services for Township residents.

Coronavirus Relief Fund – This fund receives intergovernmental monies to provide financial relief to the Township for eligible costs incurred as a result of the COVID-19 pandemic.

Debt Service Funds – These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Township had the following debt service fund:

Bond Retirement Fund – This fund accounts for and reports resources restricted for the retirement of debt issued to finance the construction of a new community building and fire department. Property taxes and related intergovernmental receipts are received in this fund.

Capital Project Funds – These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following capital project fund:

Valley Township
Scioto County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Miscellaneous Capital Projects Fund – This fund maintains a fund cash balance restricted for capital projects.

Basis of Accounting

This financial statement follows the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). 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).

This statement includes adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit.

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. Unencumbered appropriations lapse at year-end.

Estimated Resources – Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must 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 carried over, and need not be re-appropriated.

A summary of the 2023 budgetary activity appears in note 3.

Deposits

The Township maintains its deposit pool in an interest-bearing checking account with a local commercial bank.

Capital Assets

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statement does 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 statement does not include a liability for unpaid leave.

Settlement Monies

Ohio has reached settlement agreements with various distributors of opioids which are subject to the OneOhio memorandum of understanding. The original settlement was reached in 2021 with annual payments anticipated through 2038. For 2023, distributions of \$332 are reflected as intergovernmental revenue in the opioid settlement special revenue fund in the accompanying financial statements.

Valley Township
Scioto County
Notes to the Financial Statements
For the Year Ended December 31, 2023

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 its governmental fund resources. The classifications are as follows:

Nonspendable – The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Township and the nonspendable portion of the corpus in permanent funds.

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*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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.

For regulatory purposes, limited disclosure related to fund balance is included in note 10.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2023 follows:

Fund Type	Budgeted vs. Actual Receipts		
	Budgeted Receipts	Actual Receipts	Variance
General	\$283,626	\$287,490	\$3,864
Special Revenue	811,445	817,465	6,020
Debt Service	161,825	161,825	0
Total	\$1,256,896	\$1,266,780	\$9,884

Valley Township
Scioto County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Fund Type	Budgeted vs. Actual Budgetary Basis		
	Expenditures		
	Appropriation Authority	Budgetary Expenditures	Variance
General	\$440,300	\$158,777	\$281,523
Special Revenue	1,737,877	759,376	978,501
Debt Service	171,535	128,424	43,111
Capital Projects	5,261	0	5,261
Total	\$2,354,973	\$1,046,577	\$1,308,396

Note 4 – Deposits

To improve cash management, cash received by the Township is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits. A summary of the Township’s deposit account is as follows:

Demand Deposits \$1,724,742

The Township does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2023, the Township is holding \$7,869 in unremitted employee payroll withholdings.

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Note 5 – 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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statement includes these credits and/or deduction 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 6 – Risk Management

The Township is a member of the Ohio Township Association Risk Management Authority (the Pool). The Pool assumes the risk of loss up to the limits of the Township’s policy. The Pool covers the following risks:

- General liability and casualty
- Public official’s liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

Valley Township
Scioto County
Notes to the Financial Statements
For the Year Ended December 31, 2023

The Pool reported the following summary of assets and actuarially measured liabilities available to pay those liabilities as of December 31, 2022 (the latest information available):

Cash and investments	\$32,288,098
Actuarial liabilities	9,146,434

Note 7 – Defined Benefit Pension Plan and Postemployment Benefits

Ohio Public Employees Retirement System

Township 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 health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Township contributed an amount equaling 14 percent of participants’ gross salaries. The Township has paid all contributions required through December 31, 2023.

Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. For calendar year 2023, the portion of OPERS employer contributions allocated to health care was 0 percent for members in the traditional pension plan and 2 percent for members in the combined plan. For 2023, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4.0 percent; however, a portion of the health care rate was funded with reserves.

Note 8 – Debt

Debt outstanding at December 31, 2023 was as follows:

	Principal	Interest Rate
2015 Community Service Building Bonds	\$1,223,474	3.49%

The 2015 community service building bonds were issued for the purpose of constructing 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.

The 2020 loan was entered into for the purpose of the acquisition of a Lifepak defibrillator. The loan carries an interest rate of 9.00% and a term of 3 years. This loan is secured by the equipment. The final payment was made in 2023.

The 2015 community service building 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

Valley Township
Scioto County
Notes to the Financial Statements
For the Year Ended December 31, 2023

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:	Community Building Bonds
2024	\$126,535
2025	126,535
2026	126,535
2027	126,535
2028	126,535
2029-2033	632,677
2034-2035	253,073
Totals	<u>\$1,518,425</u>

Financed purchase obligations outstanding at December 31, 2023 were as follows:

	Principal	Interest Rate
2016 Equipment Finance-Purchase-Pumper	\$116,231	2.85%
2016 Equipment Finance -Purchase-Tanker	54,551	2.85%
2017 Equipment Finance -Purchase-Ambulance	74,722	3.32%
2018 Equipment Finance -Heavy Rescue Equipment	76,996	4.14%
2020 Lease Purchase-Ambulance	37,157	3.28%
Total	<u>\$359,657</u>	

The 2016 finance purchase agreements were entered into for the purpose of the acquisition of a new pumper and tanker. The finance purchase agreements carry an interest rate of 2.85% and a term of 10 years. These lease purchase agreements are secured by the pumper and the tanker.

The 2017 finance purchase agreement was entered into for the purpose of the acquisition of a new ambulance. The finance purchase agreements carry an interest rate of 3.32% and a term of 10 years. This lease purchase agreement is secured by the ambulance.

Valley Township
Scioto County
Notes to the Financial Statements
For the Year Ended December 31, 2023

The 2018 finance purchase agreement was entered into for the purpose of the acquisition of heavy rescue equipment. The lease purchase agreement carries an interest rate of 4.14% and a term of 10 years. This lease purchase agreement is secured by the heavy rescue equipment.

The 2020 lease purchase agreement was entered into for the purpose of the acquisition of an ambulance. The lease purchase agreement carries an interest rate of 3.28% and a term of 5 years. This lease purchase agreement is secured by the ambulance.

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

Year Ending December 31:	Lease Purchase Pumper	Lease Purchase Tanker	Lease Purchase Ambulance	Lease Purchase Equipment	Lease Purchase Ambulance
2024	\$40,973	\$19,230	\$20,256	\$17,366	\$19,498
2025	40,973	19,230	20,256	17,366	19,499
2026	40,973	19,230	20,256	17,366	0
2027	0	0	20,256	17,366	0
2028	0	0	0	17,366	0
Totals	\$122,919	\$57,690	\$81,024	\$86,830	\$38,997

Note 9 – Contingent Liabilities

Litigation

The Township is not currently party to legal proceedings.

Grants

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 10 – Fund Balances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

	General Fund	Special Revenue Funds	Total
Outstanding Encumbrances	\$23	\$966	\$989

The fund balances of special revenue funds are restricted or committed for programs of the Township. The fund balance of debt service funds and capital projects funds are restricted, committed, or assigned. These restricted amounts in the special revenue funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Valley Township
Scioto County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 11 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency ended in April 2023. During 2023, the Township did not receive COVID-19 funding. The Township will continue to spend available COVID-19 funding consistent with the applicable program guidelines.

Valley Township
Scioto County, Ohio
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2022

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$192,243	\$574,321	\$168,935		\$935,499
Charges for Services		10,694			10,694
Licenses, Permits and Fees	27,138	28,301			55,439
Intergovernmental	35,998	355,562	4,968	60,000	456,528
Miscellaneous	1,341	30,515			31,856
<i>Total Cash Receipts</i>	<u>256,720</u>	<u>999,393</u>	<u>173,903</u>	<u>60,000</u>	<u>1,490,016</u>
Cash Disbursements					
Current:					
General Government	143,537	65,295			208,832
Public Safety		142,002			142,002
Public Works	22,079	406,755			428,834
Health	23,142	26,167			49,309
Capital Outlay	1,982	483		60,000	62,465
Debt Service:					
Principal Retirement		99,165	78,277		177,442
Interest and Fiscal Charges		18,157	51,929		70,086
<i>Total Cash Disbursements</i>	<u>190,740</u>	<u>758,024</u>	<u>130,206</u>	<u>60,000</u>	<u>1,138,970</u>
<i>Net Change in Fund Cash Balances</i>	65,980	241,369	43,697	0	351,046
<i>Fund Cash Balances, January 1</i>	<u>183,042</u>	<u>846,574</u>	<u>117,625</u>	<u>5,261</u>	<u>1,152,502</u>
<i>Fund Cash Balances, December 31</i>	<u>\$249,022</u>	<u>\$1,087,943</u>	<u>\$161,322</u>	<u>\$5,261</u>	<u>\$1,503,548</u>

See accompanying notes to the basic financial statements

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Valley Township
Scioto County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 1 – Reporting 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, fire protection, and EMS/rescue services.

The Township participates in a public entity risk pool. Note 6 to the financial statements provides additional information for this entity. This organization is the Ohio Township Association Risk Management Authority (OTARMA). This is a risk sharing pool available to all townships for property and casualty insurance coverage.

The Township's management believes this financial statement presents all activities for which the Township is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Township's financial statement consists of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types.

Fund Accounting

The Township uses funds 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. The funds of the Township are presented below:

General Fund – The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds – These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant special revenue funds:

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

Corona Virus Relief Fund – This fund receives intergovernmental monies to provide financial relief to the Township for eligible costs incurred as a result of the COVID-19 pandemic.

Debt Service Funds – These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Township had the following debt service fund:

Bond Retirement Fund – This fund accounts for and reports resources restricted for the retirement of debt issued to finance the construction of a new community building and fire department. Property taxes and related intergovernmental receipts are received in this fund.

Capital Project Funds – These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following capital project funds:

Miscellaneous Capital Projects Fund – This fund maintains a fund cash balance restricted for capital projects.

Ohio Public Works Commission Fund – The Township received a grant from the state for capital improvements. The proceeds are restricted for capital improvement.

Valley Township
Scioto County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Basis of Accounting

This financial statement follows the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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).

This statement includes adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit.

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. Unencumbered appropriations lapse at year-end.

Estimated Resources – Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must 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 carried over, and need not be re-appropriated.

A summary of the 2022 budgetary activity appears in note 3.

Deposits

The Township maintains its deposit pool in an interest-bearing checking account with a local commercial bank.

Capital Assets

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statement does 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 statement does not include a liability for unpaid leave.

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 its governmental fund resources. The classifications are as follows:

Nonspendable – The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required

Valley Township
Scioto County
Notes to the Financial Statements
For the Year Ended December 31, 2022

to be held for five years before they may be utilized by the Township and the nonspendable portion of the corpus in permanent funds.

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*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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.

For regulatory purposes, limited disclosure related to fund balance is included in note 10.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2022 follows:

Fund Type	Budgeted vs. Actual Receipts		
	Budgeted Receipts	Actual Receipts	Variance
General	\$255,626	\$256,720	\$1,094
Special Revenue	996,192	999,393	3,201
Debt Service	173,904	173,903	(1)
Capital Projects	60,000	60,000	0
Total	\$1,485,722	\$1,490,016	\$4,294

Fund Type	Budgeted vs. Actual Budgetary Basis Expenditures		
	Appropriation Authority	Budgetary Expenditures	Variance
General	\$435,937	\$190,763	\$245,174
Special Revenue	1,436,922	758,998	677,924
Debt Service	171,535	130,206	41,329
Capital Projects	65,261	60,000	5,261
Total	\$2,109,655	\$1,139,967	\$969,688

Valley Township
Scioto County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 4 – Deposits

To improve cash management, cash received by the Township is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits. A summary of the Township’s deposit account is as follows:

Demand Deposits \$1,503,548

The Township does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2022, the Township is holding \$8,377 in unremitted employee payroll withholdings.

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Note 5 – 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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statement includes these credits and/or deduction 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 6 – Risk Management

The Township is a member of the Ohio Township Association Risk Management Authority (the Pool). The Pool assumes the risk of loss up to the limits of the Township’s policy. The Pool covers the following risks:

- General liability and casualty
- Public official’s liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially measured liabilities available to pay those liabilities as of December 31, 2022:

Cash and investments	\$32,288,098
Actuarial liabilities	9,146,434

Valley Township
Scioto County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 7 – Defined Benefit Pension Plan and Postemployment Benefits

Ohio Public Employees Retirement System

Township 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 health care and survivor and disability benefits. The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Township contributed an amount equaling 14 percent of participants’ gross salaries. The Township has paid all contributions required through December 31, 2022.

Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2022. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2022.

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

Note 8 – Debt

	Principal	Interest Rate
Debt outstanding at December 31, 2022 was as follows:		
2015 Community Service Building Bonds	\$1,304,483	9.00%
2020 Loan-Lifepak	3,487	3.49%
Total	\$1,307,970	

The 2015 community service building bonds were issued for the purpose of constructing 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.

The 2020 loan was entered into for the purpose of the acquisition of a Lifepak defibrillator. The loan carries an interest rate of 9.00% and a term of 3 years. This loan is secured by the equipment.

The 2015 community service building 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

Valley Township
Scioto County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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:	Community Building Bonds	Loan Equipment
2023	\$126,535	\$3,652
2024	126,535	0
2025	126,535	0
2026	126,535	0
2027	126,535	0
2028-2032	632,677	0
2033-2035	379,608	0
Totals	<u>\$1,644,960</u>	<u>\$3,652</u>

Financed purchase obligations outstanding at December 31, 2022, was as follows:

	Principal	Interest Rate
2016 Equipment Finance-Purchase-Pumper	152,848	2.85%
2016 Equipment Finance -Purchase-Tanker	71,736	2.85%
2017 Equipment Finance -Purchase-Ambulance	91,926	3.32%
2018 Equipment Finance -Heavy Rescue Equipment	90,607	4.14%
2020 Lease Purchase-Ambulance	54,854	3.28%
Total	<u>\$461,971</u>	

The 2016 finance purchase agreements were entered into for the purpose of the acquisition of a new pumper and tanker. The finance purchase agreements carry an interest rate of 2.85% and a term of 10 years. These lease purchase agreements are secured by the pumper and the tanker.

The 2017 finance purchase agreement was entered into for the purpose of the acquisition of a new ambulance. The finance purchase agreements carry an interest rate of 3.32% and a term of 10 years. This lease purchase agreement is secured by the ambulance.

The 2018 finance purchase agreement was entered into for the purpose of the acquisition of heavy rescue equipment. The lease purchase agreement carries an interest rate of 4.14% and a term of 10 years. This lease purchase agreement is secured by the heavy rescue equipment.

Valley Township
Scioto County
Notes to the Financial Statements
For the Year Ended December 31, 2022

The 2020 lease purchase agreement was entered into for the purpose of the acquisition of an ambulance. The lease purchase agreement carries an interest rate of 3.28% and a term of 5 years. This lease purchase agreement is secured by the ambulance.

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

Year Ending December 31:	Lease Purchase Pumper	Lease Purchase Tanker	Lease Purchase Ambulance	Lease Purchase Equipment	Lease Purchase Ambulance
2023	\$40,973	\$19,230	\$20,256	\$17,365	\$19,498
2024	40,973	19,230	20,256	17,366	19,498
2025	40,973	19,230	20,256	17,366	19,498
2026	40,973	19,230	20,256	17,366	0
2027	0	0	20,256	17,366	0
2028-2032	0	0	0	17,365	0
2033-2035	0	0	0	0	0
Totals	\$163,892	\$76,920	\$101,280	\$104,194	\$58,494

Note 9 – Contingent Liabilities

Litigation

The Township is not currently party to legal proceedings.

Grants

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 10 – Fund Balances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

	General Fund	Special Revenue Funds	Total
Outstanding Encumbrances	\$23	\$974	\$997

The fund balances of special revenue funds are restricted for programs of the Township. The fund balance of debt service funds and capital projects funds are restricted, committed, or assigned. These restricted amounts in the special revenue funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 11 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During

Valley Township
Scioto County
Notes to the Financial Statements
For the Year Ended December 31, 2022

2022, the Township received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Township. The impact on the Township's future operating costs, revenues, and additional recovery from funding, either federal or state, cannot be estimated.

The Township received \$191,271 in funding in 2022. The Township did not sub-grant funds to other governments and organization, nor were funds returned to the granting agency or spent on-behalf of other governments.

OHIO AUDITOR OF STATE KEITH FABER



65 East State Street
Columbus, Ohio 43215
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800-282-0370

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

Valley Township
Scioto County
P.O. Box 489
Lucasville, Ohio 45648

To the Board of Trustees:

We have audited, in accordance with the 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 (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each governmental fund type combined total as of and for the years ended December 31, 2023 and 2022 and the related notes to the financial statements of the Valley Township, Scioto County, Ohio (the Township) and have issued our report thereon dated May 20, 2024, wherein we noted the Township followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions 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 Township'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on 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 financial statements. 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*.

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.



Keith Faber
Auditor of State
Columbus, Ohio
May 20, 2024

OHIO AUDITOR OF STATE KEITH FABER



VALLEY TOWNSHIP

SCIOTO COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 6/11/2024

65 East State Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov