



**WALNUT TOWNSHIP
PICKAWAY COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2006 and 2005



Mary Taylor, CPA
Auditor of State

**WALNUT TOWNSHIP
PICKAWAY COUNTY**

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PICKAWAY COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Walnut Township
Pickaway County
8514 South Bloomfield-Royalton Road
Ashville, Ohio 43103

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Walnut Township, Pickaway County, Ohio (the Township), as of and for the years ended December 31, 2006 and 2005, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinions.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Walnut Township, Pickaway County, Ohio, as of December 31, 2006 and 2005, and the respective changes in cash financial position and the respective budgetary comparisons for the General, Gasoline Tax, Road and Bridge, Cemetery, Fire District, and Permissive Motor Vehicle License Funds thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

As described in Note 3, for the year ended December 31, 2005, the Township revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements— and Management's Discussion and Analysis— for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2008, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

June 27, 2008

**WALNUT TOWNSHIP
PICKAWAY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006 AND 2005
UNAUDITED**

This discussion and analysis of Walnut Township's financial performance provides an overall review of the Township's financial activities for the years ended December 31, 2006 and 2005, within the limitations of the Township's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

Highlights

Key highlights for 2006 and 2005 are as follows:

Net assets of governmental activities increased \$120,861 or 27 percent in 2006, a significant change from the prior year. The fund most affected by the increase in cash and cash equivalents was the Road and Bridge Fund, which realized the greatest increase in 2006, due to the tax levy and limited fund disbursements.

The Township's receipts are primarily property taxes and intergovernmental receipts. These receipts represent respectively 54 and 39 percent of the total cash received for governmental activities during the year. Property tax receipts for 2006 increased 16 percent compared to 2005 due to development within the Township slowing and a 1 year reduction in the Road and Bridge levy for 2005.

Net assets of governmental activities decreased \$40,696 or 8 percent in 2005, a significant change from the prior year. The fund most affected by the decrease in cash and cash equivalents was the General Fund, which realized the greatest burden of increased cost in 2005; however, cost increases affected most funds.

The Township's general receipts are primarily property taxes and intergovernmental receipts. These receipts represent respectively 56 and 36 percent of the total cash received for governmental activities during the year. Property and income tax receipts for 2005 decreased 17 percent compared to 2004 as development within the Township slowed and due to a reduction in Road and Bridge taxes due to a 1 year reduction in the levy in 2005.

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 modified cash basis of accounting.

Report Components

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

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

The notes to the 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.

**WALNUT TOWNSHIP
PICKAWAY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006 AND 2005
UNAUDITED
(Continued)**

Basis of Accounting

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

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

Reporting the Township as a Whole

The statement of net assets and the statement of activities reflect how the Township did financially during 2006 and 2005, within the limitations of cash basis accounting. The statement of net assets presents the cash balances of the governmental activities of the Township at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Township's general receipts.

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

In the statement of net assets and the statement of activities, the Township is presented as one type of activity:

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

Reporting the Township's Most Significant Funds

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

**WALNUT TOWNSHIP
PICKAWAY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006 AND 2005
UNAUDITED
(Continued)**

Governmental Funds - The Township's activities are reported as 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 are the General Fund, Gasoline Tax Fund, Road and Bridge Fund, Cemetery Fund, Fire District Fund, Permissive Motor Vehicle License Tax Fund, and Permanent Fund. The programs reported in governmental funds equal those reported in the governmental activities section of the entity-wide statements.

The Township as a Whole

Table 1 provides a summary of the Township's net assets for a comparison between 2006, 2005, and 2004 on a cash basis:

(Table 1)

Net Assets

	Governmental Activities		
	2006	2005	2004
Assets			
Cash and Cash Equivalents	\$565,538	\$444,677	\$485,373
Total Assets	\$565,538	\$444,677	\$485,373
Net Assets			
Restricted for:			
Street maintenance and construction	\$209,423	\$84,672	\$112,232
Cemetery Operation	19,853	43,471	30,026
Permanent Fund Purpose			
Expendable	57,125	55,853	56,333
Nonexpendable	4,292	4,822	4,822
Other Purposes	12,169	21,872	14,237
Unrestricted	262,676	233,987	267,723
Total Net Assets	\$565,538	\$444,677	\$485,373

As mentioned previously, net assets of governmental activities decreased \$40,696 or 8 percent during 2005. The primary reason contributing to the decrease in cash balance is the Township had a decrease with the Road and Bridge levy for 1 year; therefore the Township's revenue was reduced by \$45,100 in 2005.

As mentioned previously, net assets of governmental activities increased \$120,861 or 27 percent during 2006. The primary reason contributing to the increase was a Road and Bridge levy.

**WALNUT TOWNSHIP
PICKAWAY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006 AND 2005
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(Continued)**

Table 2 reflects the changes in net assets on a cash basis in 2006 and 2005 for governmental activities. Since the Township did not prepare financial statements in this format for 2004, a comparative analysis of government-wide data has not been presented for the 2004 year. In future years, when prior year information is available, a comparative analysis will be presented.

(Table 2)

Changes in Net Assets

	Governmental Activities	
	2006	2005
Receipts		
Program Receipts:		
Charges for Services and Sales	\$43,620	\$44,868
Operating Grants, Contributions and Interest	101,422	116,035
Total Program Receipts	145,042	160,903
General Receipts:		
Property and Other Local Taxes	433,569	374,558
Grants and Entitlements not Restricted to Specific Programs	216,097	128,696
Earning on Investments	2,223	2,127
Miscellaneous	1,739	6,483
Total General Receipts	653,628	511,864
Total Receipts	798,670	672,767
Disbursements:		
General Government	153,943	119,154
Public Safety	215,000	202,685
Public Works	228,643	289,227
Health	64,958	42,931
Human Services	285	12,251
Other	13	13
Capital Outlay	14,967	47,202
Total Disbursements	677,809	713,463
Net Assets, Beginning of Year	444,677	485,373
Net Assets, End of Year	\$565,538	\$444,677

Program receipts represent 18 percent of 2006 total receipts and 24 percent of 2005 total receipts and are primarily comprised of charges for services for Cemetery Operations and Restricted Intergovernmental receipts such as Motor Vehicle License and Gas Tax monies.

**WALNUT TOWNSHIP
PICKAWAY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006 AND 2005
UNAUDITED
(Continued)**

General receipts represent 82 percent of the Township's total receipts in 2006 and 76 percent of the Township's total receipts in 2005, and of these amounts, local taxes consist of 66 percent in 2006 and 73 percent in 2005. Unrestricted state and federal grants and entitlements primarily make up the balance of the Township's general receipts 33 percent for 2006 and 25 percent for 2005. Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Government activities. These include the costs of council, and the Fiscal Officer, as well as internal services such as payroll and purchasing and represent 23 percent of 2006 disbursements and 17 percent of 2005 disbursements with an increase of 29 percent for 2006 due to additional general costs for the Township. Disbursements for Public Safety represent the costs of running the Township's fire department that represent 32 percent of 2006 disbursements and 28 percent of 2005 disbursements with limited expenditure growth.

Public works expenditures are predominantly represented by the costs of building and maintaining the Township's roads. These expenditures fluctuate with the road projects undertaken during any given year and represented 34 percent of 2006 disbursements and 41 percent of 2005 disbursements.

Governmental Activities

If you look at the Statement of Activities on pages 12 and 22, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for public works and public safety, which account for 34 and 32 percent in 2006 and 41 and 28 percent in 2005 of all governmental disbursements, respectively. General government also represents a significant cost, about 23 percent in 2006 and 17 percent in 2005. The next two columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

	Governmental Activities			
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2006	2006	2005	2005
General Government	\$153,943	\$153,943	\$119,154	\$119,154
Public Safety	215,000	215,000	202,685	202,685
Public Works	228,643	125,481	289,227	169,462
Health	64,958	23,078	42,931	1,793
Human Services	285	285	12,251	12,251
Other	13	13	13	13
Capital Outlay	14,967	14,967	47,202	47,202
Total Expenses	\$677,809	\$532,767	\$713,463	\$552,560

**WALNUT TOWNSHIP
PICKAWAY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006 AND 2005
UNAUDITED
(Continued)**

The dependence upon property tax receipts and unrestricted intergovernmental is apparent as 79 percent of governmental activities are supported through these general receipts in 2006 and 77 percent in 2005.

The Township's Funds

The Township' General Fund increased 12 percent for 2006 with a \$28,689 change in fund balance due to an increase of 100 percent in intergovernmental receipts due to a large estate tax settlement. For 2005 the Township had a (\$33,736) change in fund balance due to a 100 percent increase in public works expenditures of \$100,949 for road projects.

The Township's Gasoline Tax Fund remained stable for 2006 and 2005 with limited receipt or disbursement charge resulting in a \$22,412 net change in fund balance for 2006 with a \$173,315 net change in fund balance for 2005.

The Township's Road and Bridge Fund had an increase in tax revenue of 92 percent of \$55,273 from 2005 due to a decrease in the Road and Bridge levy for 1 year, resulting in a net change in fund balance of \$74,700 for 2006. For 2005 the Road and Bridge Fund had a net change in fund balance of (\$20,580) due to the decrease in the Road and Bridge levy which resulted in only \$60,310 being received in tax revenue for 2005.

The Township's Cemetery Fund had a net change in fund balance of (\$23,618) for 2006 due to an increase in Health expenditures of \$26,087 or 67 percent due to the purchase of a lawn tractor and trailer and new sprinkler system for the cemetery. The Cemetery Fund had stable operations for 2005 with a net change in fund balance of \$13,445.

The Township's Fire District Fund remained stable in operations for 2006 and 2005 with a net change in fund balance of (\$6,573) for 2006 and \$8,750 for 2005.

The Township's Permissive Motor Vehicle License Tax Fund gained fund balance for 2006 with no revenue growth but no disbursement activity with a resulting net change in fund balance of \$23,537.

The Township's Permanent Fund had limited activity for 2006 and 2005 maintaining an ending fund balance of \$61,417 and \$60,675 for 2006 and 2005 respectively.

General Fund Budgeting Highlights

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

For 2006, the difference between final budgeted receipts and actual receipts were favorable.

For 2006, final disbursements were budgeted at \$377,550 while actual disbursements were \$238,518. The Township kept a favorable spending budget as demonstrated by the reported variance. The result is a variance of \$139,032 for 2006.

For 2005, the difference between final budgeted receipts and actual receipts were unfavorable due to lower tax and intergovernmental receipts than estimated.

For 2005, final disbursements were budgeted at \$414,900 while actual disbursements were \$212,796. The Township kept a favorable spending budget as demonstrated by the reported variance. The result is a variance of \$202,104 for 2005.

**WALNUT TOWNSHIP
PICKAWAY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006 AND 2005
UNAUDITED
(Continued)**

Capital Assets

The Township does not currently keep track of its capital assets and infrastructure and is not required to report this information under the basis on accounting the Township follows.

Current Issues

The challenge for all Townships is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes and have very little industry to support the tax base. The Township continues to budget, track, and monitor it's finances to ensure Township programs are adequately funded.

Contacting the Township's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Carol S. Ramsay, Fiscal Officer, Walnut Township, 8514 South Bloomfield-Royalton Road, Ashville, Ohio 43103-9444.

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**WALNUT TOWNSHIP
PICKAWAY COUNTY**

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

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$565,538</u>
<i>Total Assets</i>	<u><u>\$565,538</u></u>
Net Assets	
Restricted for:	
Street Maintenance and Construction	\$209,423
Cemetery Operations	19,853
Permanent Fund:	
Expendable	57,125
Nonexpendable	4,292
Other Purposes	12,169
Unrestricted	<u>262,676</u>
<i>Total Net Assets</i>	<u><u>\$565,538</u></u>

See accompanying notes to the basic financial statements

**WALNUT TOWNSHIP
PICKAWAY COUNTY**

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

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions and Interest	Governmental Activities
Governmental Activities				
General Government	\$153,943	\$0	\$0	(\$153,943)
Public Safety	215,000	0	0	(215,000)
Public Works	228,643	4,550	98,612	(125,481)
Health	64,958	39,070	2,810	(23,078)
Human Services	285	0	0	(285)
Other	13	0	0	(13)
Capital Outlay	14,967	0	0	(14,967)
Total	\$677,809	\$43,620	\$101,422	(532,767)
General Receipts				
Property Taxes Levied for:				
General Purposes				89,849
Capital Outlay				138,843
Cemetery Operations				16,664
Fire Operations				188,213
Grants and Entitlements not Restricted to Specific Programs				216,097
Earnings on Investment				2,223
Miscellaneous				1,739
<i>Total General Receipts</i>				653,628
Change in Net Assets				120,861
<i>Net Assets Beginning of Year</i>				444,677
<i>Net Assets End of Year</i>				\$565,538

See accompanying notes to the basic financial statements

WALNUT TOWNSHIP
PICKAWAY COUNTY

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

	General	Gasoline Tax	Road and Bridge	Cemetery	Fire District	Permissive Motor Vehicle License Tax	Permanent	Other Governmental Funds	Total Governmental Funds
Assets									
Equity in Pooled Cash and Cash Equivalents	\$262,676	\$81,196	\$87,499	\$19,853	\$2,177	\$20,406	\$61,417	\$30,314	\$565,538
<i>Total Assets</i>	<u>\$262,676</u>	<u>\$81,196</u>	<u>\$87,499</u>	<u>\$19,853</u>	<u>\$2,177</u>	<u>\$20,406</u>	<u>\$61,417</u>	<u>\$30,314</u>	<u>\$565,538</u>
Fund Balances									
Reserved:									
Reserved for Endowment	\$0	\$0	\$0	\$0	\$0	\$0	\$4,292	\$0	\$4,292
Unreserved:									
Undesignated (Deficit), Reported in:									
General Fund	262,676	0	0	0	0	0	0	0	262,676
Special Revenue Funds	0	81,196	87,499	19,853	2,177	20,406	0	30,314	241,445
Permanent Fund	0	0	0	0	0	0	57,125	0	57,125
<i>Total Fund Balances</i>	<u>\$262,676</u>	<u>\$81,196</u>	<u>\$87,499</u>	<u>\$19,853</u>	<u>\$2,177</u>	<u>\$20,406</u>	<u>\$61,417</u>	<u>\$30,314</u>	<u>\$565,538</u>

See accompanying notes to the basic financial statements

WALNUT TOWNSHIP
PICKAWAY COUNTY

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

	General	Gasoline Tax	Road and Bridge	Cemetery	Fire District	Permissive Motor Vehicle License Tax	Permanent	Other Governmental Funds	Total Governmental Funds
Receipts									
Property and Other Local Taxes	\$89,849	\$0	\$115,583	\$16,664	\$188,213	\$23,260	\$0	\$0	\$433,569
Licenses, Permits and Fees	0	0	0	19,475	0	0	0	4,550	24,025
Intergovernmental	173,396	81,542	15,872	2,505	24,324	0	0	16,204	313,843
Earnings on Investment	2,223	458	0	0	0	277	2,810	131	5,899
Other	1,739	0	0	19,595	0	0	0	0	21,334
<i>Total Receipts</i>	<u>267,207</u>	<u>82,000</u>	<u>131,455</u>	<u>58,239</u>	<u>212,537</u>	<u>23,537</u>	<u>2,810</u>	<u>20,885</u>	<u>798,670</u>
Disbursements									
Current:									
General Government	135,573	0	2,580	1,932	4,110	0	2,068	7,680	153,943
Public Safety	0	0	0	0	215,000	0	0	0	215,000
Public Works	102,932	59,588	53,890	0	0	0	0	12,233	228,643
Health	0	0	0	64,958	0	0	0	0	64,958
Human Services	0	0	285	0	0	0	0	0	285
Capital Outlay	0	0	0	14,967	0	0	0	0	14,967
<i>Total Disbursements</i>	<u>238,505</u>	<u>59,588</u>	<u>56,755</u>	<u>81,857</u>	<u>219,110</u>	<u>0</u>	<u>2,068</u>	<u>19,913</u>	<u>677,796</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>28,702</u>	<u>22,412</u>	<u>74,700</u>	<u>(23,618)</u>	<u>(6,573)</u>	<u>23,537</u>	<u>742</u>	<u>972</u>	<u>120,874</u>
Other Financing Uses									
Other Financing Uses	(13)	0	0	0	0	0	0	0	(13)
<i>Net Change in Fund Balances</i>	<u>28,689</u>	<u>22,412</u>	<u>74,700</u>	<u>(23,618)</u>	<u>(6,573)</u>	<u>23,537</u>	<u>742</u>	<u>972</u>	<u>120,861</u>
<i>Fund Balances Beginning of Year</i>	<u>233,987</u>	<u>58,784</u>	<u>12,799</u>	<u>43,471</u>	<u>8,750</u>	<u>(3,131)</u>	<u>60,675</u>	<u>29,342</u>	<u>444,677</u>
<i>Fund Balances End of Year</i>	<u>\$262,676</u>	<u>\$81,196</u>	<u>\$87,499</u>	<u>\$19,853</u>	<u>\$2,177</u>	<u>\$20,406</u>	<u>\$61,417</u>	<u>\$30,314</u>	<u>\$565,538</u>

See accompanying notes to the basic financial statements

**WALNUT TOWNSHIP
PICKAWAY COUNTY**

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$102,032	\$102,032	\$89,849	(\$12,183)
Intergovernmental	61,583	61,583	173,396	111,813
Earning on Investments	2,138	2,138	2,223	85
Other	5,830	5,830	1,739	(4,091)
<i>Total receipts</i>	<u>171,583</u>	<u>171,583</u>	<u>267,207</u>	<u>95,624</u>
Disbursements				
Current:				
General Government	159,550	159,550	135,573	23,977
Public Works	173,000	173,000	102,932	70,068
Capital Outlay	45,000	45,000	0	45,000
<i>Total Disbursements</i>	<u>377,550</u>	<u>377,550</u>	<u>238,505</u>	<u>139,045</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(205,967)</u>	<u>(205,967)</u>	<u>28,702</u>	<u>234,669</u>
Other Financing Uses				
Other Financing Uses	0	0	(13)	(13)
<i>Net Change in Fund Balance</i>	<u>(205,967)</u>	<u>(205,967)</u>	<u>28,689</u>	<u>234,656</u>
<i>Fund Balance Beginning of Year</i>	233,808	233,808	233,808	0
Prior Year Encumbrances Appropriated	179	179	179	0
<i>Fund Balance End of Year</i>	<u>\$28,020</u>	<u>\$28,020</u>	<u>\$262,676</u>	<u>\$234,656</u>

See accompanying notes to the basic financial statements

**WALNUT TOWNSHIP
PICKAWAY COUNTY**

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$61,188	\$61,188	\$81,542	\$20,354
Earning on Investments	500	500	458	(42)
<i>Total receipts</i>	61,688	61,688	82,000	20,312
Disbursements				
Current:				
Public Works	88,500	88,500	59,588	28,912
Capital Outlay	30,000	30,000	0	30,000
<i>Total Disbursements</i>	118,500	118,500	59,588	58,912
<i>Excess of Receipts Over (Under) Disbursements</i>	(56,812)	(56,812)	22,412	79,224
<i>Fund Balance Beginning of Year</i>	58,716	58,716	58,716	0
Prior Year Encumbrances Appropriated	68	68	68	0
<i>Fund Balance End of Year</i>	\$1,972	\$1,972	\$81,196	\$79,224

See accompanying notes to the basic financial statements

**WALNUT TOWNSHIP
PICKAWAY COUNTY**

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$134,900	\$134,900	\$115,583	(\$19,317)
Intergovernmental	0	0	15,872	15,872
<i>Total receipts</i>	<u>134,900</u>	<u>134,900</u>	<u>131,455</u>	<u>(3,445)</u>
Disbursements				
Current:				
General Government	4,000	4,000	2,580	1,420
Public Works	99,500	99,500	53,890	45,610
Human Services	10,000	10,000	285	9,715
Capital Outlay	20,000	20,000	0	20,000
<i>Total Disbursements</i>	<u>133,500</u>	<u>133,500</u>	<u>56,755</u>	<u>76,745</u>
<i>Excess of Receipts Over Disbursements</i>	<u>1,400</u>	<u>1,400</u>	<u>74,700</u>	<u>73,300</u>
<i>Fund Balance Beginning of Year</i>	12,514	12,514	12,514	0
Prior Year Encumbrances Appropriated	<u>285</u>	<u>285</u>	<u>285</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$14,199</u></u>	<u><u>\$14,199</u></u>	<u><u>\$87,499</u></u>	<u><u>\$73,300</u></u>

See accompanying notes to the basic financial statements

**WALNUT TOWNSHIP
PICKAWAY COUNTY**

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$19,000	\$19,000	\$16,664	(\$2,336)
Licenses, Permits and Fees	7,000	7,000	19,475	12,475
Intergovernmental	0	0	2,505	2,505
Other	9,500	9,500	19,595	10,095
<i>Total receipts</i>	35,500	35,500	58,239	22,739
Disbursements				
Current:				
General Government	6,000	6,000	1,932	4,068
Health	75,500	75,500	64,958	10,542
Capital Outlay	20,000	20,000	14,967	5,033
<i>Total Disbursements</i>	101,500	101,500	81,857	19,643
<i>Excess of Receipts Over (Under) Disbursements</i>	(66,000)	(66,000)	(23,618)	42,382
<i>Fund Balance Beginning of Year</i>	43,327	43,327	43,327	0
Prior Year Encumbrances Appropriated	144	144	144	0
<i>Fund Balance End of Year</i>	(\$22,529)	(\$22,529)	\$19,853	\$42,382

See accompanying notes to the basic financial statements

**WALNUT TOWNSHIP
PICKAWAY COUNTY**

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$210,000	\$210,000	\$188,213	(\$21,787)
Intergovernmental	0	0	24,324	24,324
<i>Total receipts</i>	<u>210,000</u>	<u>210,000</u>	<u>212,537</u>	<u>2,537</u>
Disbursements				
Current:				
General Government	5,000	5,000	4,110	890
Public Safety	205,000	205,000	215,000	(10,000)
<i>Total Disbursements</i>	<u>210,000</u>	<u>210,000</u>	<u>219,110</u>	<u>(9,110)</u>
<i>Excess of Receipts Under Disbursements</i>	<u>0</u>	<u>0</u>	<u>(6,573)</u>	<u>(6,573)</u>
<i>Fund Balance Beginning of Year</i>	8,750	8,750	8,750	0
<i>Fund Balance End of Year</i>	<u>\$8,750</u>	<u>\$8,750</u>	<u>\$2,177</u>	<u>(\$6,573)</u>

See accompanying notes to the basic financial statements

**WALNUT TOWNSHIP
PICKAWAY COUNTY**

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$49,593	\$49,593	\$23,260	(\$26,333)
Earning on Investments	1,000	1,000	277	(723)
<i>Total receipts</i>	<u>50,593</u>	<u>50,593</u>	<u>23,537</u>	<u>(27,056)</u>
Disbursements				
Current:				
Public Works	70,000	70,000	0	70,000
<i>Total Disbursements</i>	<u>70,000</u>	<u>70,000</u>	<u>0</u>	<u>70,000</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(19,407)	(19,407)	23,537	42,944
<i>Fund Balance (Deficit) Beginning of Year</i>	<u>(3,131)</u>	<u>(3,131)</u>	<u>(3,131)</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>(\$22,538)</u>	<u>(\$22,538)</u>	<u>\$20,406</u>	<u>\$42,944</u>

See accompanying notes to the basic financial statements

**WALNUT TOWNSHIP
PICKAWAY COUNTY**

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

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$444,677</u>
<i>Total Assets</i>	<u><u>\$444,677</u></u>
Net Assets	
Restricted for:	
Street Maintenance and Construction	\$84,672
Cemetery Operations	43,471
Permanent Fund:	
Expendable	55,853
Nonexpendable	4,822
Other Purposes	21,872
Unrestricted	<u>233,987</u>
<i>Total Net Assets</i>	<u><u>\$444,677</u></u>

See accompanying notes to the basic financial statements

**WALNUT TOWNSHIP
PICKAWAY COUNTY**

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

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions and Interest	Governmental Activities
Governmental Activities				
General Government	\$119,154	\$0	\$0	(\$119,154)
Public Safety	202,685	0	0	(202,685)
Public Works	289,227	5,575	114,190	(169,462)
Health	42,931	39,293	1,845	(1,793)
Human Services	12,251	0	0	(12,251)
Other	13	0	0	(13)
Capital Outlay	47,202	0	0	(47,202)
Total	\$713,463	\$44,868	\$116,035	(552,560)
General Receipts				
Property Taxes				
General Purposes				83,584
Capital Outlay				82,133
Cemetery Operations				17,892
Fire Operations				190,949
Grants and Entitlements not Restricted to Specific Programs				128,696
Earnings on Investment				2,127
Miscellaneous				6,483
<i>Total General Receipts</i>				511,864
Change in Net Assets				(40,696)
<i>Net Assets Beginning of Year</i>				485,373
<i>Net Assets End of Year</i>				\$444,677

See accompanying notes to the basic financial statements

WALNUT TOWNSHIP
PICKAWAY COUNTY

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

	General	Gasoline Tax	Road and Bridge	Cemetery	Fire District	Permanent	Other Governmental Funds	Total Governmental Funds
Assets								
Equity in Pooled Cash and Cash Equivalents	\$233,987	\$58,784	\$12,799	\$43,471	\$8,750	\$60,675	\$26,211	\$444,677
<i>Total Assets</i>	<u>\$233,987</u>	<u>\$58,784</u>	<u>\$12,799</u>	<u>\$43,471</u>	<u>\$8,750</u>	<u>\$60,675</u>	<u>\$26,211</u>	<u>\$444,677</u>
Fund Balances								
Reserved:								
Reserved for Encumbrances	\$179	\$68	\$285	\$144	\$0	\$0	\$100	\$776
Reserved for Endowment	0	0	0	0	0	4,822	0	4,822
Unreserved:								
Undesignated, Reported in:								
General Fund	233,808	0	0	0	0	0	0	233,808
Special Revenue Funds	0	58,716	12,514	43,327	8,750	0	26,111	149,418
Permanent Fund	0	0	0	0	0	55,853	0	55,853
<i>Total Fund Balances</i>	<u>\$233,987</u>	<u>\$58,784</u>	<u>\$12,799</u>	<u>\$43,471</u>	<u>\$8,750</u>	<u>\$60,675</u>	<u>\$26,211</u>	<u>\$444,677</u>

See accompanying notes to the basic financial statements

WALNUT TOWNSHIP
PICKAWAY COUNTY

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

	General	Gasoline Tax	Road and Bridge	Cemetery	Fire District	Permanent	Other Governmental Funds	Total Governmental Funds
Receipts								
Property and Other Local Taxes	\$83,584	\$0	\$60,310	\$17,892	\$190,949	\$0	\$21,823	\$374,558
Licenses, Permits and Fees	0	0	0	17,901	0	0	5,575	23,476
Intergovernmental	86,786	83,876	15,657	2,242	24,011	0	29,624	242,196
Earnings on Investment	2,127	340	0	0	0	1,845	350	4,662
Other	6,369	0	0	21,392	0	100	0	27,861
<i>Total Receipts</i>	<u>178,866</u>	<u>84,216</u>	<u>75,967</u>	<u>59,427</u>	<u>214,960</u>	<u>1,945</u>	<u>57,372</u>	<u>672,753</u>
Disbursements								
Current:								
General Government	108,519	0	420	0	3,525	0	6,690	119,154
Public Safety	0	0	0	0	202,685	0	0	202,685
Public Works	100,949	57,618	66,819	0	0	0	63,841	289,227
Health	1,635	0	0	38,871	0	2,425	0	42,931
Human Services	0	0	0	0	0	0	12,251	12,251
Capital Outlay	1,500	9,283	29,308	7,111	0	0	0	47,202
<i>Total Disbursements</i>	<u>212,603</u>	<u>66,901</u>	<u>96,547</u>	<u>45,982</u>	<u>206,210</u>	<u>2,425</u>	<u>82,782</u>	<u>713,450</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(33,737)</u>	<u>17,315</u>	<u>(20,580)</u>	<u>13,445</u>	<u>8,750</u>	<u>(480)</u>	<u>(25,410)</u>	<u>(40,697)</u>
Other Financing Sources (Uses)								
Other Financing Sources	14	0	0	0	0	0	0	14
Other Financing Uses	(13)	0	0	0	0	0	0	(13)
<i>Total Other Financing Sources (Uses)</i>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
<i>Net Change in Fund Balances</i>	<u>(33,736)</u>	<u>17,315</u>	<u>(20,580)</u>	<u>13,445</u>	<u>8,750</u>	<u>(480)</u>	<u>(25,410)</u>	<u>(40,696)</u>
<i>Fund Balances Beginning of Year</i>	<u>267,723</u>	<u>41,469</u>	<u>33,379</u>	<u>30,026</u>	<u>0</u>	<u>61,155</u>	<u>51,621</u>	<u>485,373</u>
<i>Fund Balances End of Year</i>	<u>\$233,987</u>	<u>\$58,784</u>	<u>\$12,799</u>	<u>\$43,471</u>	<u>\$8,750</u>	<u>\$60,675</u>	<u>\$26,211</u>	<u>\$444,677</u>

See accompanying notes to the basic financial statements

**WALNUT TOWNSHIP
PICKAWAY COUNTY**

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$137,508	\$137,508	\$83,584	(\$53,924)
Intergovernmental	113,000	113,000	86,786	(26,214)
Earning on Investments	0	0	2,127	2,127
Other	0	0	6,369	6,369
<i>Total receipts</i>	<u>250,508</u>	<u>250,508</u>	<u>178,866</u>	<u>(71,642)</u>
Disbursements				
Current:				
General Government	122,900	122,900	108,698	14,202
Public Works	275,000	275,000	100,949	174,051
Health	5,000	5,000	1,635	3,365
Capital Outlay	10,000	10,000	1,500	8,500
<i>Total Disbursements</i>	<u>412,900</u>	<u>412,900</u>	<u>212,782</u>	<u>200,118</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(162,392)</u>	<u>(162,392)</u>	<u>(33,916)</u>	<u>128,476</u>
Other Financing Sources (Uses)				
Other Financing Sources	0	0	14	14
Other Financing Uses	(2,000)	(2,000)	(13)	1,987
<i>Total Other Financing Sources (Uses)</i>	<u>(2,000)</u>	<u>(2,000)</u>	<u>1</u>	<u>2,001</u>
<i>Net Change in Fund Balance</i>	(164,392)	(164,392)	(33,915)	130,477
<i>Fund Balance Beginning of Year</i>	<u>267,723</u>	<u>267,723</u>	<u>267,723</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$103,331</u>	<u>\$103,331</u>	<u>\$233,808</u>	<u>\$130,477</u>

See accompanying notes to the basic financial statements

**WALNUT TOWNSHIP
PICKAWAY COUNTY**

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$59,891	\$59,891	\$83,876	\$23,985
Earning on Investments	0	0	340	340
<i>Total receipts</i>	<u>59,891</u>	<u>59,891</u>	<u>84,216</u>	<u>24,325</u>
Disbursements				
Current:				
Public Works	62,600	62,600	57,686	4,914
Health	0	0	0	0
Capital Outlay	<u>30,000</u>	<u>30,000</u>	<u>9,283</u>	<u>20,717</u>
<i>Total Disbursements</i>	92,600	92,600	66,969	25,631
<i>Excess of Receipts Over (Under) Disbursements</i>	(32,709)	(32,709)	17,247	49,956
<i>Fund Balance Beginning of Year</i>	<u>41,469</u>	<u>41,469</u>	<u>41,469</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$8,760</u></u>	<u><u>\$8,760</u></u>	<u><u>\$58,716</u></u>	<u><u>\$49,956</u></u>

See accompanying notes to the basic financial statements

**WALNUT TOWNSHIP
PICKAWAY COUNTY**

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$120,000	\$120,000	\$60,310	(\$59,690)
Intergovernmental	0	0	15,657	15,657
<i>Total receipts</i>	<u>120,000</u>	<u>120,000</u>	<u>75,967</u>	<u>(44,033)</u>
Disbursements				
Current:				
General Government	4,000	4,000	420	3,580
Public Works	120,000	120,000	67,104	52,896
Capital Outlay	31,000	31,000	29,308	1,692
<i>Total Disbursements</i>	<u>155,000</u>	<u>155,000</u>	<u>96,832</u>	<u>58,168</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(35,000)</u>	<u>(35,000)</u>	<u>(20,865)</u>	<u>14,135</u>
<i>Fund Balance Beginning of Year</i>	33,379	33,379	33,379	0
<i>Fund Balance End of Year</i>	<u>(\$1,621)</u>	<u>(\$1,621)</u>	<u>\$12,514</u>	<u>\$14,135</u>

See accompanying notes to the basic financial statements

**WALNUT TOWNSHIP
PICKAWAY COUNTY**

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$19,000	\$19,000	\$17,892	(\$1,108)
Licenses, Permits and Fees	0	0	17,901	17,901
Intergovernmental	0	0	2,242	2,242
Other	0	0	21,392	21,392
<i>Total receipts</i>	<u>19,000</u>	<u>19,000</u>	<u>59,427</u>	<u>40,427</u>
Disbursements				
Current:				
Health	43,000	43,000	39,015	3,985
Capital Outlay	0	0	7,111	(7,111)
<i>Total Disbursements</i>	<u>43,000</u>	<u>43,000</u>	<u>46,126</u>	<u>(3,126)</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(24,000)	(24,000)	13,301	37,301
<i>Fund Balance Beginning of Year</i>	<u>30,026</u>	<u>30,026</u>	<u>30,026</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$6,026</u></u>	<u><u>\$6,026</u></u>	<u><u>\$43,327</u></u>	<u><u>\$37,301</u></u>

See accompanying notes to the basic financial statements

**WALNUT TOWNSHIP
PICKAWAY COUNTY**

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$210,000	\$210,000	\$190,949	(\$19,051)
Intergovernmental	0	0	24,011	24,011
<i>Total receipts</i>	210,000	210,000	214,960	4,960
Disbursements				
Current:				
General Government	4,750	4,750	3,525	1,225
Public Safety	205,250	205,250	202,685	2,565
<i>Total Disbursements</i>	210,000	210,000	206,210	3,790
<i>Excess of Receipts Over Disbursements</i>	0	0	8,750	8,750
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$8,750	\$8,750

See accompanying notes to the basic financial statements

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**WALNUT TOWNSHIP
PICKAWAY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005**

Note 1 – Reporting Entity

Walnut Township, Pickaway County, Ohio (the Township), 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. The Township also has an elected Township Fiscal Officer.

The reporting entity is comprised of the primary government.

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, maintenance of Township roads and bridges, and cemetery maintenance. The Township contracts with the Harrison Township for fire protection. Police protection is provided by the Pickaway County Sheriff's Department.

B. 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. The Township has no component units.

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA) which is a public entity risk sharing pool available to Ohio Townships. Note 8 to the financial statements provides additional information for this entity.

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

Note 2 – Summary of Significant Accounting Policies

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

A. Basis of Presentation

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

**WALNUT TOWNSHIP
PICKAWAY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

A. Basis of Presentation (Continued)

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 display all governmental activities of the Township. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

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

Fund Financial Statements

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

B. Fund Accounting

The Township uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Township are all governmental.

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Township's major governmental funds are the General, Gasoline Tax, Road and Bridge, Cemetery, Fire District, Permissive Motor Vehicle License Tax (only for 2006) and Permanent Funds.

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.

Gasoline Tax Fund is used to receive gasoline tax money to pay for constructing, maintaining, and repairing Township roads.

Road and Bridge Fund is used to receive property tax money for constructing, maintaining, and repairing Township roads and bridges.

**WALNUT TOWNSHIP
PICKAWAY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

B. Fund Accounting (Continued)

Governmental Funds (Continued)

Cemetery Fund is used to account for all the financial activities of the Reber Hill Cemetery.

Fire District Fund is used to receive real estate and personal property tax money from a special levy passed by the voters to pay for fire and emergency medical services.

Permissive Motor Vehicle License (MVL) Tax Fund (only for 2006) is used to receive tax money for constructing, maintaining, and repairing Township roads.

Permanent Fund is used for the upkeep of the cemetery through interest earned on investments and donations.

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

C. Basis of Accounting

The Township's financial statements are prepared using the cash basis of accounting. 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.

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

D. Budgetary Process

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations 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 sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund, department, and object level for all funds.

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

**WALNUT TOWNSHIP
PICKAWAY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

D. Budgetary Process (Continued)

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.

E. Cash and Investments

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

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

During 2006 and 2005, the Township invested in nonnegotiable certificates of deposit. The nonnegotiable certificates of deposit are reported at cost.

Interest earnings are allocated to Township funds according to State statutes. Interest receipts credited to the General Fund during 2006 and 2005 were \$2,223 and \$2,127 which includes \$1,103 and \$604 assigned from other Township funds.

F. 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

G. 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.

H. 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.

I. Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 9 and 10, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**WALNUT TOWNSHIP
PICKAWAY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

J. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for fire and zoning activities. The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

K. Fund Balance Reserves

The Township reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances and for endowment associated with the Permanent Fund.

L. Interfund Transactions

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

Note 3 – Change in Basis of Accounting and Restatement of Fund Equity

In 2004 the Township reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. In 2005 the Township has implemented the cash basis of accounting described in note 2. The fund financial statements now present each major fund in a separate column with nonmajor funds aggregated and presented in a single column, rather than a column for each fund type.

Note 4 – Accountability and Compliance

A. Accountability

The Township Fiscal Officer did not always properly certify that the amount required to meet a commitment was lawfully appropriated and in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances for a portion of the Township's expenditures.

B. Compliance

Contrary to Ohio Revised Code 5705.28 and 5705.34 the Township did not adopt a tax budget and did not pass a resolution authorizing the necessary tax levies or certify the levies to the County Auditor in 2005. The Township will ensure the tax budget and levies and properly certified and passed to assure full compliance.

Contrary to Ohio Revised Code 5705.10, the Permissive MVL Tax Fund had a deficit fund balance of (\$3,131) at December 31, 2005. The Township will provide approved operating transfers in the future to ensure sufficient funding.

**WALNUT TOWNSHIP
PICKAWAY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005
(Continued)**

Note 4 – Accountability and Compliance (Continued)

B. Compliance (Continued)

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority at the line item level in the General Fund –Other Financing Uses and Fire District Fund – Public Services by \$13 and \$10,000, for the year ended December 31, 2006 and in the Cemetery Fund – Capital Outlay by \$7,111 for the year ended December 31, 2005. The Township will ensure the passage of appropriation measures by the Township Trustees to assure full compliance.

Note 5 – 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, Gasoline Tax Fund, Road and Bridge Fund, Cemetery Fund, Fire District Fund, and Permissive Motor Vehicle License Tax Fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$179 for the General Fund, \$68 for the Gasoline Tax Fund, \$285 for the Road and Bridge Fund, and \$144 for the Cemetery Fund in 2005, there were no encumbrances outstanding for 2006.

Note 6 – Deposits and Investments

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

Active monies are public monies determined to be necessary to meet current demands upon the Township treasury. Active monies must be maintained either as cash in the Township treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

**WALNUT TOWNSHIP
PICKAWAY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005
(Continued)**

Note 6 – Deposits and Investments (Continued)

3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Township, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end 2006, \$100,000 of the Township bank balance of \$586,996, and at year end 2005, \$100,000 of the Township bank balance of \$459,591 were exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name.

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

Note 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 2006 represent the collection of 2005 taxes. Real property taxes received in 2006 were levied after October 1, 2005, on the assessed values as of January 1, 2005, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

**WALNUT TOWNSHIP
PICKAWAY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005
(Continued)**

Note 7 – Property Taxes (Continued)

Public utility property tax receipts received in 2006 represent the collection of 2005 taxes. Public utility real and tangible personal property taxes received in 2006 became a lien on December 31, 2005, were levied after October 1, 2005, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

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

2005 taxes follow the same schedule but 1 year earlier.

The full tax rate for all Township operations for the year ended December 31, 2006 and December 31, 2005, was \$10 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2006 and 2005 property tax receipts were based are as follows:

Real Property	2006	2005
Residential	\$ 47,332,930	\$ 46,826,550
Agricultural	10,862,670	9,962,940
Commercial/Industrial/Mineral	1,366,610	1,335,200
Public Utility Property		
Real	85,530	95,170
Personal	4,585,900	4,774,670
Tangible Personal Property	607,990	901,035
Total Assessed Value	<u>\$64,841,630</u>	<u>\$ 63,895,565</u>

Note 8 – 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.

**WALNUT TOWNSHIP
PICKAWAY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005
(Continued)**

Note 8 – Risk Management (Continued)

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.

If losses exhaust OTARMA's retained earnings, APEEP provides excess of funds available coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (for claims prior to January 1, 2006) or \$3,000,000 (for claims on or after January 1, 2006) as noted above.

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, Travelers 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 values. 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 government.

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

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.

Casualty Coverage	2006	2005
Assets	\$32,031,312	\$30,485,638
Liabilities	(11,443,952)	(12,344,576)
Retained earnings	\$20,587,360	\$18,141,062

**WALNUT TOWNSHIP
PICKAWAY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005
(Continued)**

Note 8 – Risk Management (Continued)

Property Coverage	2006	2005
Assets	\$10,010,963	\$9,177,796
Liabilities	(676,709)	(1,406,031)
Retained earnings	\$9,334,254	\$7,771,765

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 \$16,264. This payable includes the subsequent year's contribution due if the Township terminates participation, as described in the last paragraph below.

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.

Contributions to OTARMA	
2004	\$ 7,952
2005	\$ 8,592
2006	\$ 8,132

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.

Note 9 – Defined Benefit Pension Plan

A. 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.

**WALNUT TOWNSHIP
PICKAWAY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005
(Continued)**

Note 9 – Defined Benefit Pension Plan (Continued)

A. Ohio Public Employees Retirement System (Continued)

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 year ended December 31, 2006 and 2005, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 9 and 8.5 percent, respectively, of their annual covered salaries. The Township's contribution rate for pension benefits for 2006 and 2005 were 13.7 and 9.55 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, 2006, 2005, and 2004 were \$17,637; \$14,348; and \$13,921 respectively. The full amount has been contributed for 2006, 2005, and 2004. There were no contributions to the member-directed plan for 2006 and 2005.

Note 10 - Postemployment Benefits

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2006 local government employer contribution rate was 13.7 percent of covered payroll; 4.5 percent of covered payroll was the portion that was used to fund health care. The 2005 local government employer contribution rate was 13.55 percent of covered payroll; 4 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2006, include a rate of return on investments of 6.5 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.30 percent based on additional annual pay increases. Health care premiums were assumed to increase between .50 and 5.00 percent annually for the next eight years and 4.00 percent annually after eight years.

**WALNUT TOWNSHIP
PICKAWAY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005
(Continued)**

Note 10 - Postemployment Benefits (Continued)

A. Ohio Public Employees Retirement System (Continued)

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

The number of active contributing participants in the traditional and combined plans was 369,214 for 2006. Actual employer contributions for 2006 and 2005 which were used to fund postemployment benefits were \$15,747 and \$15,033 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, were \$12 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. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.



Mary Taylor, CPA

Auditor of State

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

Walnut Township
Pickaway County
8514 South Bloomfield-Royalton Road
Ashville, Ohio 43103

To the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Walnut Township, Pickaway County, Ohio (the Township) as of and for the years ended December 31, 2006 and 2005, which collectively comprise the Township's basic financial statements and have issued our report thereon dated June 27, 2008, wherein, we noted the Township uses a comprehensive accounting basis other than generally accepted accounting principles. We also noted the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

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

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

We consider the following deficiency described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting: 2006-006.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, we believe finding number 2006-006 is also a material weakness.

We also noted certain internal control matters that we reported to the Township's management in a separate letter dated June 27, 2008.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2006-001 through 2006-005.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated June 27, 2008.

The Township's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Township's responses and, accordingly, we express no opinion on them.

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



Mary Taylor, CPA
Auditor of State

June 27, 2008

**WALNUT TOWNSHIP
PICKAWAY COUNTY**

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

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2006-001

Transfer of Funds – Noncompliance Finding

Ohio Rev. Code Sections 5705.14, 5705.15 and 5705.16 provide guidelines pertaining to allowable interfund transfers. Ohio Rev. Code Section 5705.14 provides that interfund transfers shall only be made by resolution of the taxing authority. See also 1989 Op. Att’y Gen. No. 89-075 (Ohio Rev. Code Section 5705.14(E) has been interpreted to require a resolution passed by a simple majority when transferring funds from the general revenue fund to specific funds.) In certain circumstances, which are detailed in Ohio Rev. Code Section 5705.14, transfers from funds other than the General Fund may be made by a resolution passed by a two-thirds vote of the taxing authority.

	Transfers Out of Fund	Transfers Into Fund	Amount
2006	General Fund	Road and Bridge Fund	\$30,000
2005	General Fund	Permissive MVL Tax Fund	\$26,365

The transfers documented above were not approved by resolution of the Board of Trustees and resulting in adjustment which caused a negative fund balance in the Permissive MVL Tax Fund following adjustment.

We recommend all transfers of funds desired be authorized by ordinance of the Board of Trustees and the taxing authority (if applicable) prior to transfer of such funds by the Fiscal Officer.

Officials’ Response: At the time it was felt that authority was given at the January organizational meeting and then approved with UAN and County Auditor at time.

FINDING NUMBER 2006-002

Adopting a Budget – Noncompliance Finding

Ohio Rev. Code Section 5705.28 requires the Township Trustees as the Township’s taxing authority, to adopt a tax budget for the next succeeding year on or before July 15 of each year.

The Township Trustees did not adopt an annual tax budget for 2005. To avoid jeopardizing their share of local government monies, the Township should adopt a tax budget on or before July 15 of each year.

Officials’ Response: The 2005 tentative budget was Board approved on 7/16/04 and filed with the County Auditor before the July deadline. What I neglected to realize that after we received the Certificate of the County Budget Commission, I did not include it in the Board meeting for final approval.

**WALNUT TOWNSHIP
PICKAWAY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2006 AND 2005
(Continued)**

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

FINDING NUMBER 2006-003

Certifying a Levy – Noncompliance Finding

Ohio Rev. Code Section 5705.34 requires the Township to pass a resolution authorizing the necessary tax levies and certify the levies to the County Auditor before October 1 of the preceding fiscal year.

The Township did not pass resolutions authorizing the necessary tax levies and certify the levies to the County Auditor for 2005. The County Auditor does not have authority to collect levy monies until the rates and amounts have been certified by the Township. As a result of the lack of filings, the Township's collection of tax levy revenues for the 2005 fiscal year could have been jeopardized. The Township should ensure the necessary tax levies are formally approved and certified to the County Auditor timely. This will help ensure that monies generated from the Township's tax levies can be collected and available for the Township.

Officials' Response: It was my mistake. Each year we do pass a resolution that states the tax levy millage. We receive these figures on our budget certificate from the County Budget Commission in September of each year. Obviously in 2005 I neglected to have the Board pass this resolution. These figures come to us on Schedules A and B from the Budget Commission.

FINDING NUMBER 2006-004

Gas Excise and Motor Vehicle License Taxes – Noncompliance Finding

Ohio Const. Art. XII, Section 5a states that no monies derived from fees, excises, or license taxes relating to registration, operation, or use of vehicles on public highway, or to fuels used for propelling such vehicles, shall be expended for other than costs of administering such laws, statutory refunds and adjustments provided therein, payment of highway obligations, costs for construction, reconstruction, maintenance and repair of public highways and bridges and other statutory highway purposes, expense of state enforcement of traffic laws, and expenditures authorized for hospitalization of indigent persons injured in motor vehicle accidents on the public highways.

Ohio Rev. Code 5735.29 states in part that Motor Fuel Taxes are to provide revenue for supplying the state's share of the cost of constructing, widening, maintaining, and reconstructing the state highways; to maintain and repair bridges and viaducts; to purchase, erect, and maintain street and traffic signs and markers; to purchase, erect, and maintain traffic lights and signals; to pay the expense of administering and enforcing the state law relative to the registration and operation of motor vehicles; to make road improvements associated with retaining or attracting business for this state, to pay that portion of the construction cost of a highway project which a county, township, or municipal corporation normally would be required to pay.

Ohio Rev. Code 5705.10(H) states that money paid into any fund shall be used only for the purposes for which such fund is established.

The Township utilized Gasoline Excise Tax, Motor Vehicle License Tax, and Road and Bridge monies received on ineligible purposes for which the revenues were derived such as trenching, insurance, refuse, utilities, lawn care, and cell phones. These expenditures totaled \$11,245 in 2006 and \$591 in 2005 in the Gas Tax Fund, \$1,091 in 2006 and \$226 in 2005 in the Motor Vehicle License Tax Fund, and \$140 in 2005 for the Road and Bridge Fund and resulted in adjustments to the financial statements and ledgers to allocate the expenditures to the Townships General Fund.

**WALNUT TOWNSHIP
PICKAWAY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2006 AND 2005
(Continued)**

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

FINDING NUMBER 2006-004 (Continued)

Gas Excise and Motor Vehicle License Taxes – Noncompliance Finding (Continued)

We recommend the Township utilize utilized Gasoline Excise Tax, Motor Vehicle License Tax, and Road and Bridge monies received for purposes outlined.

Officials' Response: This was an error in my part. I now know what funds can be used for certain expenses. I obviously put in the wrong fund number. Again my honest mistake.

FINDING NUMBER 2006-005

Certification of Funds – Noncompliance Finding

Ohio Rev. Code Section 5705.41(D) prohibits a subdivision or taxing entity (the Township) 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 sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" certificate – If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Township can authorize the drawing of a warrant for the payment of the amount due. The Township has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance 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 Township.

2. Blanket certificate – Fiscal officers may prepare "blanket" certificates against any specific line item account not extending beyond the current year. The blanket certificates 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.
3. 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 extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any one line item appropriation.

**WALNUT TOWNSHIP
PICKAWAY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2006 AND 2005
(Continued)**

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

FINDING NUMBER 2006-005 (Continued)

Certification of Funds – Noncompliance Finding (Continued)

The Township did not properly certify the availability of funds prior to the purchase commitment for ten percent of the transactions tested and there was no evidence that the Township followed the aforementioned exceptions. Failure to properly certify the availability of funds can result in overspending and negative cash fund balances.

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, the Township Finance Director should certify that the funds are or will be available prior to the obligation by the Township. When prior certification is not possible, "then and now" certification should be used.

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

Officials' Response: Officials did not submit a substantive response.

FINDING NUMBER 2006-006

Financial Reporting - Significant Deficiency / Material Weakness

Sound financial reporting is the responsibility of the Township's Fiscal Officer and Board of Trustees and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

The Township utilizes the Uniform Accounting Network (UAN) system and currently has monitoring controls over daily cash-basis transactions entered into the system. At year-end the cash basis information from the accounting system is converted into the financial statements reported under the Other Cash Basis of Accounting (OCBOA). Information is utilized by the Township to prepare the financial statements.

The following audit adjustments/reclassifications were made to the financial statements and, where applicable, to the Township's accounting records:

- Reclassifications of program and general revenues for Governmental Activities based on restrictions with which the revenues were assessed or generated from totaling \$50,341 for 2006 and \$59,135 for 2005.
- Reclassifications of Net Asset restrictions for Governmental Activities to present the purpose of the restriction from Other Purposes or Unrestricted Net Assets to Net Assets Restricted for Street Maintenance and Construction and Cemetery Operations totaling \$285,641 for 2006 and \$154,508 for 2005.
- Reclassifications to present the Township's 2006 cash asset as Equity in Pooled Cash and Cash Equivalents and not Investments due to the Township's deposits not qualifying as investments for presentation purposes which totaled \$69,091 for Governmental Activities and \$25,000, \$5,000, and \$39,091 for the fund statements of the General, Cemetery, and Permanent Funds respectively.

**WALNUT TOWNSHIP
PICKAWAY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2006 AND 2005
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2006-006 (Continued)

Financial Reporting - Significant Deficiency / Material Weakness (Continued)

- Adjustments to move public works expenditures to the General Fund (\$12,336 for 2006 and \$957 for 2005) from the Motor Vehicle License Tax Fund (\$1,091 for 2006 and \$226 for 2005), Gas Tax Fund (\$11,245 for 2006 and \$591 for 2005) and Road and Bridge Fund (\$140 for 2005) due to the expenditures not meeting the allowable purpose of costs for the programs the funds represent (See Finding 2006-004).
- Adjustment to correct the beginning balance of the Permissive Motor Vehicle License Tax Fund and Road and Bridge Fund due to a prior year adjustment of \$11,739 having not been applied from the Permissive Motor Vehicle License Tax Fund to the Road and Bridge Fund.
- Adjustments to allocate tax revenue according to apportionments from the County Auditor from the General Fund (\$1,164) to the Road and Bridge Fund (\$357) and Fire District Fund (\$807) for 2006 and from the Cemetery Fund (\$24,348) to the Road and Bridge Fund (\$24,248) for 2005.
- Adjustment to remove a double booking of FEMA activity which was incorrectly recorded as taxes in addition to the corresponding disbursement of capital outlay for \$1,692.
- Adjustment to reclassify the expendable and non-expendable portions of the Permanent Fund for \$34,270 in 2006 and \$52,125 in 2005.
- Adjustment to remove illegal transfers from the General Fund to the Road and Bridge Fund in 2006 for \$30,000 and from the General Fund to the Permissive MVL Tax Fund in 2005 for \$26,365 (See Finding 2006-001).
- Adjustment to establish a Reserve for Endowment in the Permanent Fund on the Township's balance sheet, due to the funds not being available for future spending for \$4,292 in 2006 and \$4,822 in 2005.
- Reclassifications to properly classify homestead and rollback receipts as Intergovernmental instead of Property and Other Local Taxes in 2006 for \$11,630, \$15,872, \$2,505, and \$24,324 in the General, Road and Bridge, Cemetery, and Fire District funds, respectively, and in 2005 for \$11,468, \$15,657, \$2,242, and \$24,011 in the General, Road and Bridge, Cemetery, and Fire District funds respectively.

Lack or failure of controls over the posting of financial transactions and financial reporting can result in errors and irregularities that may go undetected and decreases the reliability of financial data throughout the year.

We recommend the Township develop policies and procedures to enhance its controls over recording of financial transactions and financial reporting to help ensure the information accurately reflects the activity of the Township and thereby increasing the reliability of the financial data throughout the year. We also recommend the Township implement additional procedures over the completeness and accuracy of financial information reported within the annual report. Such procedures may include review of the financial statements and related components by a member of management with analytical comparisons of the current year annual report to the prior year reports for obvious errors or omissions.

Officials' Response: Officials did not submit a substantive response.



Mary Taylor, CPA
Auditor of State

WALNUT TOWNSHIP

PICKAWAY 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 9, 2008**