



**WALNUT TOWNSHIP
PICKAWAY COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007



Mary Taylor, CPA
Auditor of State

**WALNUT TOWNSHIP
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, 2008 and 2007, 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, 2008 and 2007, and the respective changes in cash financial position and the respective budgetary comparison for the General, Gasoline Tax, Road and Bridge, and Fire District Funds thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2009, 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 cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

October 19, 2009

**WALNUT TOWNSHIP
PICKAWAY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008 AND 2007
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, 2008 and 2007, 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 2008 and 2007 are as follows:

Net Assets of Governmental Activities decreased \$58,743 or 9 percent in 2008, 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 decrease in 2008, due to a significant drop in intergovernmental revenues received as a result of a large estate tax receipt in 2007.

The Township's receipts are primarily property taxes and intergovernmental receipts. These receipts represent respectively 73 and 21 percent of the total cash received for governmental activities during the year. Property tax receipts for 2008 increased 10 percent compared to 2007 due to development within the Township.

Net Assets of Governmental Activities increased \$89,106 or 16 percent in 2007, a significant change from the prior year. The fund most affected by the increase in cash and cash equivalents was the General Fund, which received a large estate tax receipt.

The Township's receipts are primarily property taxes and intergovernmental receipts. These receipts represent respectively 60 and 32 percent of the total cash received for governmental activities during the year. Property tax receipts for 2007 decreased 18 percent compared to 2006 as development within the Township slowed.

Using the Basic Financial Statements

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

Report Components

The Statement of Net Assets and 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, 2008 AND 2007
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 2008 and 2007, 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, 2008 AND 2007
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, Fire District 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 2008, 2007, and 2006 on a cash basis:

(Table 1)			
Net Assets			
	Governmental Activities		
	2008	2007	2006
Assets			
Cash and Cash Equivalents	595,901	654,644	565,538
Total Assets	595,901	654,644	565,538
Net Assets			
Restricted for:			
Permanent Fund Purpose:			
Expendable	61,540	59,301	57,125
Non Expendable	4,967	5,000	4,292
Other Purposes	285,102	273,975	241,445
Unrestricted	244,292	316,368	262,676
Total Net Assets	595,901	654,644	565,538

As mentioned previously, net assets of governmental activities increased \$89,106 or 16 percent during 2007. The primary reason contributing to the increase in cash balance is the Township's increase in cash and cash equivalents was the General Fund, which received a large estate tax receipt.

As mentioned previously, net assets of governmental activities decreased \$58,743 or 9 percent during 2008. The primary reason contributing to the decrease was a General Fund estate tax receipt received in the prior year.

**WALNUT TOWNSHIP
PICKAWAY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008 AND 2007
UNAUDITED
(Continued)**

Table 2 reflects the changes in net assets on a cash basis in 2008 and 2007 for governmental activities.

(Table 2)		
Changes in Net Assets		
	2008	2007
Receipts		
Program Receipts:		
Charges for Services and Sales	27,476	51,348
Operating Grants and Contributions	141,919	154,678
Total Program Receipts	169,395	206,026
General Receipts:		
Property and Other Local Taxes	562,584	511,326
Grants and Entitlements not Restricted to Specific Programs	25,175	126,136
Earnings on Investments	3,972	3,180
Miscellaneous	9,078	5,650
Total General Receipts	600,809	646,292
Total Receipts	770,204	852,318
Disbursements:		
General Government	158,051	154,291
Public Safety	281,555	217,730
Public Works	311,246	326,460
Health	46,444	53,476
Human Services	14,875	8,609
Other		-
Capital Outlay	16,776	2,646
Total Disbursements	828,947	763,212
Net Assets, Beginning of Year	654,644	565,538
Net Assets, End of Year	595,901	654,644

Program receipts represent 22 percent of 2008 total receipts and 24 percent of 2007 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 fund monies.

General receipts represent 78 percent of the Township's total receipts in 2008 and 76 percent of the Township's total receipts in 2007, and of these amounts, local taxes consist of 94 percent in 2008 and 79 percent in 2007. Unrestricted state and federal grants and entitlements primarily make up the balance of the Township's general receipts 4 percent for 2008 and 20 percent for 2007. 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 19 percent of 2008 disbursements and 20 percent of 2007 disbursements with an increase of 2 percent for 2008 due to additional general costs for the Township. Disbursements for public safety represent the costs of running the Township's fire department that represent 34 percent of 2008 disbursements and 29 percent of 2007 disbursements with limited expenditure growth.

**WALNUT TOWNSHIP
PICKAWAY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008 AND 2007
UNAUDITED
(Continued)**

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 38 percent of 2008 disbursements and 43 percent of 2007 disbursements.

Governmental Activities

If you look at the Statement of Activities on pages 10 and 21, 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 38 and 34 percent in 2008 and 43 and 29 percent in 2007 of all governmental disbursements, respectively. General government also represents a significant cost, about 19 percent in 2008 and 20 percent in 2007. 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 2008	Net Cost of Services 2008	Total Cost of Services 2007	Net Cost of Services 2007
General Government	158,051	158,052	154,291	154,291
Public Safety	281,555	263,226	217,730	193,091
Public Works	311,246	189,327	326,460	197,936
Health	46,444	19,296	53,476	2,313
Human Services	14,875	14,875	8,609	8,609
Other	-	(2,000)	-	(1,700)
Capital Outlay	16,776	16,776	2,646	2,646
Total Expenses	828,947	659,552	763,212	557,186

The Township's Funds

The Township' General Fund decreased 22 percent for 2008 with a \$72,076 change in fund balance due to an decrease of \$100,961 in intergovernmental receipts due to a large estate tax settlement that was received in 2007. For 2007, the Township's General Fund increased \$53,692 due to awarding less road projects, which decreased public works expenditures approximately \$57,452 from 2006.

The Township's Gasoline Tax Fund remained stable for 2008 and 2007 with limited receipt or disbursement charges resulting in a \$14,157 net change in fund balance for 2008 with a \$8,091 net change in fund balance for 2007.

**WALNUT TOWNSHIP
PICKAWAY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008 AND 2007
UNAUDITED
(Continued)**

The Township's Road and Bridge Fund had an increase in tax revenue of 11 percent of \$15,486 from 2007 due to an additional Road and Bridge Fund levy in 2008. This results in a net change in fund balance of \$5,369 for 2008. For 2007 the Road and Bridge Fund had a net change in fund balance of \$11,933 due to the increase tax revenue for 2007 of \$21,216.

The Township's Fire District Fund remained stable in operations for 2008 and 2007 with a net change in fund balance of (\$25,445) for 2008 and \$23,268 for 2007.

The Township's Permanent Fund had limited activity for 2008 and 2007 maintaining an ending fund balance of \$66,507 and \$64,301 for 2008 and 2007 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 2008, the difference between final budgeted receipts and actual receipts was unfavorable due to lower tax and intergovernmental receipts than estimated.

For 2008, final disbursements for all funds were budgeted at \$1,324,750 while actual disbursements were \$828,947. The Township kept a favorable spending budget as demonstrated by the reported variance. The result is a variance of \$495,803 for 2008.

For 2007, the difference between final budgeted receipts and actual receipts was favorable.

For 2007, final disbursements for all funds were budgeted at \$1,191,350 while actual disbursements were \$763,212.

The Township kept a favorable spending budget as demonstrated by the reported variance. The result is a variance of \$428,138 for 2007.

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.

**WALNUT TOWNSHIP,
PICKAWAY COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2008**

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 595,901
<i>Total Assets</i>	<u>\$ 595,901</u>
Net Assets	
Restricted for:	
Permanent Fund:	
Expendable	\$ 61,540
Nonexpendable	4,967
Other Purposes	285,102
Unrestricted	<u>244,292</u>
<i>Total Net Assets</i>	<u>\$ 595,901</u>

See accompanying notes to the basic financial statements

**WALNUT TOWNSHIP
PICKAWAY COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Cash Disbursements	Program Cash Receipts		Net (Disbursements)
		Charges for Services and Sales	Operating Grants and Contributions	Receipts and Changes in Net Assets Governmental Activities
Governmental Activities				
General Government	\$ 158,051	\$ -	\$ -	\$ (158,051)
Public Safety	281,555	-	18,329	(263,226)
Public Works	311,246	2,325	119,594	(189,327)
Health	46,444	25,151	1,996	(19,297)
Human Services	14,875	-	-	(14,875)
Other	-	-	2,000	2,000
Capital Outlay	16,776	-	-	(16,776)
<i>Total Governmental Activities</i>	<u>\$ 828,947</u>	<u>\$ 27,476</u>	<u>\$ 141,919</u>	(659,552)
General Receipts				
Property Taxes				562,584
Grants and Entitlements not Restricted to Specific Programs				25,175
Earnings on Investments				3,972
Miscellaneous				9,078
<i>Total General Receipts</i>				600,809
Change in Net Assets				(58,743)
<i>Net Assets Beginning of Year</i>				654,644
<i>Net Assets End of Year</i>				<u>\$ 595,901</u>

See accompanying notes to the basic financial statements

WALNUT TOWNSHIP
PICKAWAY COUNTY

STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
DECEMBER 31, 2008

	GENERAL	GASOLINE TAX	ROAD AND BRIDGE	FIRE DISTRICT	PERMANENT	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Assets							
Equity in Pooled Cash and Cash Equivalents	\$ 244,292	\$ 103,444	\$ 94,063	\$ -	\$ 66,507	\$ 87,595	\$ 595,901
<i>Total Assets</i>	<u>\$ 244,292</u>	<u>\$ 103,444</u>	<u>\$ 94,063</u>	<u>\$ -</u>	<u>\$ 66,507</u>	<u>\$ 87,595</u>	<u>\$ 595,901</u>
Fund Balances							
Reserved:							
Reserved for Endowments	\$ -	\$ -	\$ -	\$ -	\$ 4,967	\$ -	\$ 4,967
Unreserved:							
Undesignated (Deficit), Reported in:							
General Fund	244,292	-	-	-	-	-	244,292
Special Revenue Funds	-	103,444	94,063	-	-	87,595	285,102
Permanent Fund	-	-	-	-	61,540	-	61,540
<i>Total Fund Balances</i>	<u>\$ 244,292</u>	<u>\$ 103,444</u>	<u>\$ 94,063</u>	<u>\$ -</u>	<u>\$ 66,507</u>	<u>\$ 87,595</u>	<u>\$ 595,901</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, 2008**

	GENERAL	GASOLINE TAX	ROAD AND BRIDGE	FIRE DISTRICT	PERMANENT	OTHER GOVERNMENTAL FUNDS	TOTAL
Receipts							
Property and Other Local Taxes	\$ 111,975	\$ -	\$ 152,285	\$ 242,779	\$ -	\$ 55,545	\$ 562,584
Licenses, Permits and Fees	-	-	-	-	-	12,056	12,056
Fines and Forfeitures	-	-	-	-	-	-	-
Intergovernmental	25,175	89,806	3,004	18,329	-	25,868	162,182
Earnings on Investments	3,972	590	-	-	1,996	326	6,884
Miscellaneous	9,078	-	-	-	2,000	15,420	26,498
Total Receipts	150,200	90,396	155,289	261,108	3,996	109,215	770,204
Disbursements							
Current:							
General Government	138,529	-	3,167	4,998	1,790	9,567	158,051
Public Safety	-	-	-	281,555	-	-	281,555
Public Works	66,952	75,966	156,953	-	-	11,375	311,246
Health	-	-	-	-	-	46,444	46,444
Human Services	14,354	-	521	-	-	-	14,875
Capital Outlay	2,441	273	17	-	-	14,045	16,776
Total Disbursements	222,276	76,239	160,658	286,553	1,790	81,431	828,947
Excess of Receipts Over (Under) Disbursements	(72,076)	14,157	(5,369)	(25,445)	2,206	27,784	(58,743)
Net Change in Fund Balances	(72,076)	14,157	(5,369)	(25,445)	2,206	27,784	(58,743)
Fund Balances Beginning of Year	316,368	89,287	99,432	25,445	64,301	59,811	654,644
Fund Balances End of Year	\$ 244,292	\$ 103,444	\$ 94,063	\$ -	\$ 66,507	\$ 87,595	\$ 595,901

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, 2008**

	<u>Budgeted Amounts</u>			(Optional) Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$ 135,700	\$ 135,700	\$ 111,975	\$ (23,725)
Intergovernmental	12,000	12,000	25,175	13,175
Earnings on Investments	2,800	2,800	3,972	1,172
Miscellaneous	8,000	8,000	9,078	1,078
<i>Total receipts</i>	<u>158,500</u>	<u>158,500</u>	<u>150,200</u>	<u>(8,300)</u>
Disbursements				
Current:				
General Government	170,000	170,000	138,529	31,471
Public Works	222,500	222,500	66,952	155,548
Human Services	22,500	22,500	14,354	8,146
Capital Outlay	60,000	60,000	2,441	57,559
<i>Total Disbursements</i>	<u>475,000</u>	<u>475,000</u>	<u>222,276</u>	<u>252,724</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(316,500)</u>	<u>(316,500)</u>	<u>(72,076)</u>	<u>244,424</u>
Other Financing Sources (Uses)				
Other Financing Sources	25	25	-	(25)
<i>Net Change in Fund Balance</i>	(316,475)	(316,475)	(72,076)	244,399
<i>Unencumbered Cash Balance Beginning of Year</i>	<u>316,368</u>	<u>316,368</u>	<u>316,368</u>	<u>-</u>
<i>Unencumbered Cash Balance End of Year</i>	<u>\$ (107)</u>	<u>\$ (107)</u>	<u>\$ 244,292</u>	<u>\$ 244,399</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 FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Budgeted Amounts</u>			(Optional) Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Intergovernmental	\$ 70,500	\$ 70,500	\$ 89,806	\$ 19,306
Earnings on Investments	-	-	590	590
<i>Total receipts</i>	<u>70,500</u>	<u>70,500</u>	<u>90,396</u>	<u>19,896</u>
Disbursements				
Current:				
Public Works	125,000	125,000	75,966	49,034
Capital Outlay	20,000	20,000	273	19,727
<i>Total Disbursements</i>	<u>145,000</u>	<u>145,000</u>	<u>76,239</u>	<u>68,761</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(74,500)	(74,500)	14,157	88,657
<i>Unencumbered Cash Balance Beginning of Year</i>	<u>89,287</u>	<u>89,287</u>	<u>89,287</u>	<u>-</u>
<i>Unencumbered Cash Balance End of Year</i>	<u>\$ 14,787</u>	<u>\$ 14,787</u>	<u>\$ 103,444</u>	<u>\$ 88,657</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 FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Budgeted Amounts		Actual	(Optional) Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$ 142,000	\$ 142,000	\$ 152,285	\$ 10,285
Intergovernmental	-	-	3,004	3,004
Total receipts	142,000	142,000	155,289	13,289
Disbursements				
Current:				
General Government	4,000	4,000	3,167	833
Public Works	182,000	182,000	156,953	25,047
Human Services	4,000	4,000	521	3,479
Capital Outlay	40,000	40,000	17	39,983
Total Disbursements	230,000	230,000	160,658	69,342
Excess of Receipts Over (Under) Disbursements	(88,000)	(88,000)	(5,369)	82,631
Unencumbered Cash Balance Beginning of Year	99,432	99,432	99,432	-
Unencumbered Cash Balance End of Year	\$ 11,432	\$ 11,432	\$ 94,063	\$ 82,631

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 FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Budgeted Amounts		Actual	(Optional)
	Original	Final		Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$ 211,671	\$ 271,671	\$ 242,779	\$ (28,892)
Intergovernmental	18,329	18,329	18,329	-
Total receipts	<u>230,000</u>	<u>290,000</u>	<u>261,108</u>	<u>(28,892)</u>
Disbursements				
Current:				
General Government	5,000	5,000	4,998	2
Public Safety	225,000	285,000	281,555	3,445
Total Disbursements	<u>230,000</u>	<u>290,000</u>	<u>286,553</u>	<u>3,447</u>
Excess of Receipts Over (Under) Disbursements	-	-	(25,445)	(32,339)
Unencumbered Cash Balance Beginning of Year	<u>25,445</u>	<u>25,445</u>	<u>25,445</u>	<u>-</u>
Unencumbered Cash Balance End of Year	<u>\$ 25,445</u>	<u>\$ 25,445</u>	<u>\$ -</u>	<u>\$ (25,445)</u>

See accompanying notes to the basic financial statements

**WALNUT TOWNSHIP
PICKAWAY COUNTY**

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

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 654,644
<i>Total Assets</i>	<u>\$ 654,644</u>
Net Assets	
Restricted for:	
Permanent Fund:	
Expendable	\$ 59,301
Nonexpendable	5,000
Other Purposes	273,975
Unrestricted	316,368
<i>Total Net Assets</i>	<u>\$ 654,644</u>

See accompanying notes to the basic financial statements

**WALNUT TOWNSHIP
PICKAWAY COUNTY**

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

	Cash Disbursements	Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Assets
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
General Government	\$ 154,291	\$ -	\$ -	\$ (154,291)
Public Safety	217,730	-	24,639	(193,091)
Public Works	326,460	3,375	125,149	(197,936)
Health	53,476	47,973	3,190	(2,313)
Human Services	8,609	-	-	(8,609)
Other	-	-	1,700	1,700
Capital Outlay	2,646	-	-	(2,646)
<i>Total Governmental Activities</i>	<u>763,212</u>	<u>51,348</u>	<u>154,678</u>	(557,186)
General Receipts				
Property Taxes				511,326
Grants and Entitlements not Restricted to Specific Programs				126,136
Earnings on Investments				3,180
Miscellaneous				5,650
Total General Receipts				646,292
Change in Net Assets				89,106
Net Assets Beginning of Year				565,538
Net Assets End of Year				<u>\$ 654,644</u>

See accompanying notes to the basic financial statements

WALNUT TOWNSHIP
PICKAWAY COUNTY

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

	GENERAL	GASOLINE TAX	ROAD AND BRIDGE	FIRE DISTRICT	PERMANENT FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Assets							
Equity in Pooled Cash and Cash Equivalents	\$ 316,368	\$ 89,287	\$ 99,432	\$ 25,445	\$ 64,301	\$ 59,811	\$ 654,644
<i>Total Assets</i>	<u>\$ 316,368</u>	<u>\$ 89,287</u>	<u>\$ 99,432</u>	<u>\$ 25,445</u>	<u>\$ 64,301</u>	<u>\$ 59,811</u>	<u>\$ 654,644</u>
Fund Balances							
Reserved:							
Reserved for Endowments	\$ -	\$ -	\$ -	\$ -	\$ 5,000	\$ -	\$ 5,000
Unreserved:							
Undesignated (Deficit), Reported in:							
General Fund	316,368	-	-	-	-	-	316,368
Special Revenue Funds	-	89,287	99,432	25,445	-	59,811	273,975
Permanent Fund	-	-	-	-	59,301	-	59,301
<i>Total Fund Balances</i>	<u>\$ 316,368</u>	<u>\$ 89,287</u>	<u>\$ 99,432</u>	<u>\$ 25,445</u>	<u>\$ 64,301</u>	<u>\$ 59,811</u>	<u>\$ 654,644</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, 2007**

	GENERAL	GASOLINE TAX	ROAD AND BRIDGE	FIRE DISTRICT	PERMANENT FUND	OTHER GOVERNMENTAL FUNDS	TOTAL
Receipts							
Property and Other Local Taxes	\$ 99,980	\$ -	\$ 136,799	\$ 220,879	\$ -	\$ 53,668	\$ 511,326
Licenses, Permits and Fees	-	-	-	-	-	20,484	20,484
Fines and Forfeitures	-	-	-	-	-	-	-
Intergovernmental	126,136	88,447	16,088	24,639	-	19,717	275,027
Earnings on Investments	3,180	504	-	-	3,190	394	7,268
Miscellaneous	5,650	-	-	-	1,700	30,864	38,214
Total Receipts	234,946	88,951	152,887	245,518	4,890	125,127	852,319
Disbursements							
Current:							
General Government	135,774	-	2,833	4,520	2,006	9,159	154,291
Public Safety	-	-	-	217,730	-	-	217,730
Public Works	45,480	80,627	129,512	-	-	70,841	326,460
Health	-	-	-	-	-	53,476	53,476
Human Services	-	-	8,609	-	-	-	8,609
Capital Outlay	-	233	-	-	-	2,413	2,646
Total Disbursements	181,254	80,860	140,954	222,250	2,006	135,889	763,213
Excess of Receipts Over (Under) Disbursements	53,692	8,091	11,933	23,268	2,884	(10,762)	89,106
Net Change in Fund Balances	53,692	8,091	11,933	23,268	2,884	(10,762)	89,106
Fund Balances Beginning of Year	262,676	81,196	87,499	2,177	61,417	70,573	565,538
Fund Balances End of Year	\$ 316,368	\$ 89,287	\$ 99,432	\$ 25,445	\$ 64,301	\$ 59,811	\$ 654,644

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, 2007**

	<u>Budgeted Amounts</u>			(Optional) Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$ 144,496	\$ 144,496	\$ 99,980	\$ (44,516)
Intergovernmental	-	-	126,136	126,136
Earnings on Investments	-	-	3,180	3,180
Miscellaneous	-	-	5,650	5,650
<i>Total receipts</i>	<u>144,496</u>	<u>144,496</u>	<u>234,946</u>	<u>90,450</u>
Disbursements				
Current:				
General Government	189,200	189,200	135,774	53,426
Public Works	130,000	130,000	45,480	84,520
Capital Outlay	45,000	45,000	-	45,000
Debt Service:				
Interest and Fiscal Charges	-	-	-	-
<i>Total Disbursements</i>	<u>364,200</u>	<u>364,200</u>	<u>181,254</u>	<u>182,946</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(219,704)</u>	<u>(219,704)</u>	<u>53,692</u>	<u>273,396</u>
Other Financing Sources (Uses)				
Other Financing Sources	-	25	-	(25)
<i>Net Change in Fund Balance</i>	(219,704)	(219,679)	53,692	273,371
<i>Unencumbered Cash Balance Beginning of Year</i>	<u>262,676</u>	<u>262,676</u>	<u>262,676</u>	<u>-</u>
<i>Unencumbered Cash Balance End of Year</i>	<u>\$ 42,972</u>	<u>\$ 42,997</u>	<u>\$ 316,368</u>	<u>\$ 273,371</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 FUND
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Budgeted Amounts</u>			(Optional) Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Intergovernmental	\$ 63,538	\$ 63,538	\$ 88,447	\$ 24,909
Earnings on Investments	-	-	504	504
<i>Total receipts</i>	<u>63,538</u>	<u>63,538</u>	<u>88,951</u>	<u>25,413</u>
Disbursements				
Current:				
Public Works	105,000	100,000	80,627	19,373
Capital Outlay	20,000	30,000	233	29,767
<i>Total Disbursements</i>	<u>125,000</u>	<u>130,000</u>	<u>80,860</u>	<u>49,140</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(61,462)	(66,462)	8,091	74,553
<i>Unencumbered Cash Balance Beginning of Year</i>	<u>81,196</u>	<u>81,196</u>	<u>81,196</u>	<u>-</u>
<i>Unencumbered Cash Balance End of Year</i>	<u>\$ 19,734</u>	<u>\$ 14,734</u>	<u>\$ 89,287</u>	<u>\$ 74,553</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 FUND
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Budgeted Amounts		Actual	(Optional)
	Original	Final		Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$ 145,000	\$ 145,000	\$ 136,799	\$ (8,201)
Intergovernmental	-	-	16,088	16,088
Total receipts	<u>145,000</u>	<u>145,000</u>	<u>152,887</u>	<u>7,887</u>
Disbursements				
Current:				
General Government	5,000	5,000	2,833	2,167
Public Works	170,000	170,000	129,512	40,488
Human Services	10,000	10,000	8,609	1,391
Capital Outlay	45,000	45,000	-	45,000
Total Disbursements	<u>230,000</u>	<u>230,000</u>	<u>140,954</u>	<u>89,046</u>
Excess of Receipts Over (Under) Disbursements	(85,000)	(85,000)	11,933	(81,159)
Unencumbered Cash Balance Beginning of Year	<u>87,499</u>	<u>87,499</u>	<u>87,499</u>	<u>-</u>
Unencumbered Cash Balance End of Year	<u>\$ 2,499</u>	<u>\$ 2,499</u>	<u>\$ 99,432</u>	<u>\$ (81,159)</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 FUND
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Budgeted Amounts		Actual	(Optional) Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$ 230,000	\$ 230,000	\$ 220,879	\$ (9,121)
Intergovernmental	-	-	24,639	24,639
Total receipts	<u>230,000</u>	<u>230,000</u>	<u>245,518</u>	<u>15,518</u>
Disbursements				
Current:				
General Government	5,500	5,500	4,520	980
Public Safety	230,500	225,000	217,730	7,270
Total Disbursements	<u>236,000</u>	<u>230,500</u>	<u>222,250</u>	<u>8,250</u>
Excess of Receipts Over (Under) Disbursements	(6,000)	(500)	23,268	23,768
Unencumbered Cash Balance Beginning of Year	<u>2,177</u>	<u>2,177</u>	<u>2,177</u>	<u>-</u>
Unencumbered Cash Balance End of Year	<u>\$ (3,823)</u>	<u>\$ 1,677</u>	<u>\$ 25,445</u>	<u>\$ 23,768</u>

See accompanying notes to the basic financial statements

**WALNUT TOWNSHIP
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

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 Harrison Township for fire protection. Police protection is provided by the Pickaway County Sheriff's Department.

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 and the fund financial statements for the proprietary funds, 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.

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 or business-type activity is self-financing on a cash basis or draws from the Township's general receipts.

**WALNUT TOWNSHIP
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
(Continued)**

Note 2 – Summary of Significant Accounting Policies (continued)

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 and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

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, Fire District, and Permanent Fund.

The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

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

The 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.

The 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.

**WALNUT TOWNSHIP
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
(Continued)**

Note 2 – Summary of Significant Accounting Policies (continued)

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.

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 with an original maturity of three months or less at the time of purchase and investments of the cash management pool are presented on the financial statements as 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, respectively.

During 2008 and 2007, 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 2008 and 2007 were \$3,972 and \$3,180, which includes \$2,109 and \$985 assigned from other Township funds in 2008 and 2007, respectfully.

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.

**WALNUT TOWNSHIP
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
(Continued)**

Note 2 – Summary of Significant Accounting Policies (continued)

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. 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 11 and 12, the employer contributions include portions for pension benefits and for postretirement healthcare benefits.

I. 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 in the amounts of \$338,190 for 2008 and \$312,606 for 2007. Net assets restricted for the permanent fund are broken down into expendable and nonexpendable. These assets are for the upkeep of the cemetery and account for \$9,800 and \$55,461 in 2008 and \$25,210 and \$39,091 in 2007. 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.

J. 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 endowment associated with the Permanent Fund.

K. 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 and after nonoperating receipts/disbursements in proprietary 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 – Accountability and Compliance

A. Compliance

Contrary to Ohio Revised Code 5705.39, the Township had expenditures exceed estimated resources in several funds in 2008. See Finding 2008-002.

**WALNUT TOWNSHIP
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
(Continued)**

Note 4 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General, Gasoline Tax, Road and Bridge, and Fire District Funds 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 (*modified* cash basis) (and outstanding year end advances are treated as an other financing source or use (budgetary basis) rather than as an interfund receivable or payable (*modified* cash basis)). Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

Note 5 – 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;
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;

**WALNUT TOWNSHIP
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
(Continued)**

Note 5 - Deposits and Investments (continued)

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 years ended 2008 and 2007, \$319,901 and \$528,644 of the Township's bank balances of \$602,292 and \$631,151 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 6 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Property tax receipts received in 2008 for real and public utility property taxes represents collections of the 2007 taxes. Property tax payments received during 2007 for tangible personal property (other than public utility property) is for 2007 taxes.

Real property taxes are levied after October 1 of the current year based on the assessed values as of January 1 of that same year, 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 collected in and intended to finance the following year operations.

Real property taxes are payable annually or semi-annually. 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.

Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. Public utility property taxes which became a lien on December 31 of the prior year, are levied after October 1 of the current year, and are collected in the following year with real property taxes.

**WALNUT TOWNSHIP
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
(Continued)**

Note 6 – Property Taxes (continued)

Tangible property taxes are levied after October 1 of the prior year, on the value as of December 31 of the prior year. Collections are made in the current year. Tangible personal property assessments are being phased out – the assessment percentage for all property including inventory for 2007 is 12.5 percent and for 2008 is 6.25 percent. This will be reduced to zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 3, with the remainder due September 20.

The full tax rate for all Township operations for the year ended December 31, 2007 (2008), was \$10 per \$1,000 of assessed value. The assessed values of real and personal property upon which 2008 and 2007 property tax receipts were based are as follows:

	<u>2008</u>	<u>2007</u>
Real Property	\$61,650,550	\$58,195,600
Public Utility Property	4,301,340	0
Tangible Personal Property	661,650	59,562,210
Total Assessed Values	<u>\$66,613,540</u>	<u>\$64,841,630</u>

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

Note 7 – Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

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

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 townships pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

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

**WALNUT TOWNSHIP
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
(Continued)**

Note 7 – Risk Management (continued)

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 value. If the stop loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2007 was \$2,014,548.

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

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

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, 2007 and 2006 (the latest information available):

	<u>2007</u>	<u>2006</u>
Assets	\$43,210,703	\$42,042,275
Liabilities	<u>(13,357,837)</u>	<u>(12,120,661)</u>
Net Assets	<u>\$29,852,866</u>	<u>\$29,921,614</u>

At December 31, 2007 and 2006, respectively, liabilities above include approximately \$12.5 million and \$11.3 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$11.6 million and \$10.8 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2007 and 2006, 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 \$15,000. This payable includes the subsequent year's contribution due if the Township terminates participation, as described in the last paragraph below.

**WALNUT TOWNSHIP
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
(Continued)**

Note 7 – Risk Management (continued)

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

<u>Contributions to OTARMA</u>	
2006	\$8,132
2007	\$6,572
2008	\$6,345

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA provided they provide 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 8 – Defined Benefit Pension Plan

A. Ohio Public Employees Retirement System

Plan Description - The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member-directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member-directed plan. While members in the State and local divisions may participate in all three plans, law enforcement (generally sheriffs, deputy sheriffs and township police) and public safety divisions exist only in the traditional plans.

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) 222-5601 or (800) 222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2008 and 2007, members in state and local classifications contributed 10 and 9.5 percent of covered payroll.

**WALNUT TOWNSHIP
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
(Continued)**

Note 8 – Defined Benefit Pension Plan (continued)

A. Ohio Public Employees Retirement System (continued)

The Township's contribution rates for 2008 and 2007 were 14 and 13.85 percent of covered payroll. For the period January 1, through December 31, 2008 and 2007, a portion of the Township's contribution equal to 7 percent of covered payroll was allocated to fund the postemployment healthcare plan. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate for the Township of 14 percent.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2008, 2007, and 2006 were \$18,953, \$16,798, and \$17,637 respectively. The full amount has been contributed for 2008, 2007 and 2006. There were no contributions to the member-directed plan for 2008 and 2007.

Note 9 - Postemployment Benefits

A. Ohio Public Employees Retirement System

Plan Description - OPERS maintains a cost-sharing multiple-employer defined benefit postemployment healthcare plan for qualifying members of both the traditional and combined pension plans. Members of the member-directed plan do not qualify for ancillary benefits, including postemployment healthcare.

The plan includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement.

To qualify for postemployment healthcare coverage, age and service retirees under the traditional and combined plans must have ten years or more of qualifying Ohio service credit. Healthcare coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised code permits, but does not require, OPERS to provide healthcare benefits to eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

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

Funding Policy – The postemployment healthcare plan was established under, and is administered in accordance with, Internal Revenue Code 401 (h). State statute requires that public employers fund postemployment healthcare through contributions to OPERS. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postemployment healthcare.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2008 and 2007, local government employers contributed 13.85 and 14.0 percent of covered payroll. Each year, The OPERS retirement board determines the portion of the employer contribution that will be set aside for funding postemployment healthcare benefits. The amount of the employer contributions which was allocated to fund postemployment healthcare was 7.0 percent of covered payroll from January 1 through June 30, 2008, and 5.0 percent from January 1, 2007 through June 30, 2007 and 6.0 percent from July 1 through December 31, 2007.

The retirement board is also authorized to establish rules for the payment of a portion of the healthcare benefits by the retiree or retiree's surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and selected coverage.

**WALNUT TOWNSHIP
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
(Continued)**

Note 9 - Postemployment Benefits (continued)

A. Ohio Public Employees Retirement System (continued)

The Township's contributions allocated to fund postemployment healthcare benefits for the years ended December 31, 2008, 2007, and 2006 were \$18,994, \$17,238, and \$15,747 respectively; 100 percent has been contributed for 2008, 2007 and 2006.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) which was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006. January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the healthcare plan.

Note 10 – Construction and Contractual Commitments

As of December 31, 2008, the Township had a contractual commitment to The Shelly Company for \$12,021 for the 2008 road project.

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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 S. 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, (the Township) as of and for the years ended December 31, 2008 and 2007, which collectively comprise the Township's basic financial statements and have issued our report thereon dated October 19, 2009, wherein we noted the Township uses a comprehensive accounting basis other than generally accepted accounting principles. We also noted 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 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 opinion on the financial statements, but not to opine on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

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 certain deficiencies in internal control over financial reporting that we consider significant deficiencies.

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 finding number 2008-003 described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting.

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. Of the significant deficiencies described above, we believe finding number 2008-003 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 October 19, 2009.

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 is described in the accompanying schedule of findings as items 2008-001 through 2008-002.

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 October 19, 2009.

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

October 19, 2009

**WALNUT TOWNSHIP
PICKAWAY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007**

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

FINDING NUMBER 2008-001

Use of Revenues – Noncompliance Finding

Ohio Rev. Code Section 5705.10(D) states that all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose. Further, Ohio Rev. Code Section 5705.10(H) states that money paid into any fund shall be used only for the purposes for which such fund was established.

During 2007 and 2008, the Township posted revenues to incorrect funds, as follows:

- Permissive Motor Vehicle Tax receipts for \$3,312 in 2007 and \$11,906 in 2008 were posted in the General Fund that should have been posted in the Permissive Motor Vehicle Tax Fund.
- Motor Vehicle Registration Fee receipts for \$395 in 2008 were posted in the General Fund that should have been posted to the Motor Vehicle Tax Fund.

The first posting error resulted in an audit adjustment, while the second error was denoted as a variance and unadjusted difference. The audit adjustments are reflected in the accompanying basic financial statements and the Township's accounting records.

The Township should monitor revenues to ensure they are posted to proper funds, so that expenditures are made within the allowable uses of revenues received.

FINDING NUMBER 2008-002

Appropriations Exceeding Estimated Resources – Noncompliance Finding

Ohio Rev. Code Section 5705.39 states in part that total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditure there from, as certified by the budget commission, or in the case of appeal, by the board of tax appeals.

The following funds had appropriations in excess of estimated resources at 2008 year end:

Fund Name	Estimated Resources	Appropriations	Variance
Cemetery Fund	57,838	81,650	(23,812)
Permissive MVL	72,517	100,000	(27,483)
Fire District Fund	474,893	475,000	(107)

Also the original appropriations exceed original estimated resources for fiscal year 2007 in the Fire Fund by \$3,823.

This could result in the Township expending more money than it receives and could cause possible negative fund balances. A lack of funds may result in the Township being unable to meet its current obligations.

We recommend the Township ensure that estimated resources are sufficient to cover appropriations at the time of certification or amendment.

**WALNUT TOWNSHIP
PICKAWAY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007
(Continued)**

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

FINDING NUMBER 2008-003

Financial Reporting- Significant Deficiency/Material Weakness

Sound financial reporting is the responsibility of the Township's Fiscal Officer and Board 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 System (UAN). The Township operates on a cash basis and the system automatically updates the statements as transactions are posted.

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

- Reclassifications of revenue from General Fund to Special Revenue Funds ranging from \$3,312 to \$43,531 in 2007 and \$11,906 in 2008. See Finding 2008-001.
- Adjustments to correctly present beginning of year fund balances for the General, Gasoline Tax, Road and Bridge, and RFI funds ranging from \$806 to \$41,908 in 2007.

The following aggregated differences/reclassifications were immaterial to the overall financial statements of the Township and were not posted to the December 31, 2008 Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances:

- Intergovernmental Revenues are understated by \$8,133 in 2007 and \$37,378 in 2008
- Property and Other Local Taxes Revenues are overstated by \$8,133 in 2007 and \$37,378 in 2008.

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 did not receive Official Responses for the findings denoted above

**WALNUT TOWNSHIP
PICKAWAY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2008 AND 2007**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2006-001	ORC 5705.14,15,16 – Transfer of Funds	Yes	
2006-002	ORC 5705.28 – Adopting a budget	Yes	
2006-003	ORC 5705.34 – Certifying a Levy	Yes	
2006-004	Ohio Const. Art XII, Section 5a – Gas Excise and Motor Vehicle Taxes	No	Partially Corrected; reissued as cite for revenue side per ORC 5705.10(D) and (H) – See Finding 2008-001
2006-005	ORC 5705.41(D) – Certification of Funds	No	Partially Corrected; reissued as ML comment
2006-006	Financial Reporting	No	Not Corrected; reissued as report comment – See Finding 2008-003



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
DECEMBER 1, 2009**