

WALNUT TOWNSHIP
FAIRFIELD COUNTY, OHIO

REGULAR AUDIT

FOR THE YEARS ENDED
DECEMBER 31, 2021 & 2020

OHIO AUDITOR OF STATE
KEITH FABER



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Board of Trustees
Walnut Township
11420 Millersport Road Northeast
Millersport, Ohio 43046

We have reviewed the *Independent Auditor's Report* of Walnut Township, Fairfield County, prepared by Julian & Grube, Inc., for the audit period January 1, 2020 through December 31, 2021. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

March 14, 2024

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**WALNUT TOWNSHIP
FAIRFIELD COUNTY, OHIO**

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Independent Auditor's Report

Walnut Township
Fairfield County
11420 Millersport Road Northeast
Millersport, Ohio 43046

To the Members of the Township Trustees and Fiscal Officer:

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the cash balances, receipts, and disbursements for each governmental fund type of Walnut Township, Fairfield County, Ohio, as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements.

Unmodified Opinions on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts, and disbursements for each governmental fund type of Walnut Township, as of and for the years ended December 31, 2021 and 2020 in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) as described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" section of our report, the accompanying financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Walnut Township, as of December 31, 2021 and 2020, or changes in net position, thereof for the years then ended.

Basis for Opinions

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

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

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

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

Emphasis of Matter

As discussed in Note 14 to the financial statements for the year ended December 31, 2020, the beginning fund balances were restated for the general fund and the special revenue funds to account for prior activity that was voided or cleared and a prior year audit adjustment that was not accounted for by Walnut Township. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

Walnut Township
Fairfield County
Independent Auditor's Report

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 4, 2024 on our consideration of Walnut Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Walnut Township's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Walnut Township's internal control over financial reporting and compliance.



Julian & Grube, Inc.
January 4, 2024

**WALNUT TOWNSHIP
FAIRFIELD COUNTY, OHIO**

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2021

	General	Special Revenue	Total (Memorandum Only)
Cash receipts:			
Property and Other Local Taxes	\$ 98,051	\$ 2,330,885	\$ 2,428,936
Charges for Services	-	193,377	193,377
Licenses, Permits and Fees	5,176	65,758	70,934
Intergovernmental	59,275	663,824	723,099
Earnings on Investments	4,327	1,800	6,127
Miscellaneous	6,910	98,317	105,227
Total cash receipts	173,739	3,353,961	3,527,700
Cash disbursements:			
Current:			
General Government	96,149	150,841	246,990
Public Safety	-	1,619,352	1,619,352
Public Works	1,152	664,443	665,595
Health	41,651		41,651
Conservation-Recreation	5,605		5,605
Capital Outlay	-	1,836,107	1,836,107
Debt Service:			
Principal Retirement	-	1,729,639	1,729,639
Interest and Fiscal Charges	-	48,415	48,415
Total cash disbursements	144,557	6,048,797	6,193,354
Excess of receipts over (under) disbursements	29,182	(2,694,836)	(2,665,654)
Other Financing Receipts:			
Bond Proceeds	-	1,727,000	1,727,000
Total other financing receipts	-	1,727,000	1,727,000
Special Item	-	915,923	915,923
Net change in fund cash balances	29,182	(51,913)	(22,731)
Fund cash balances, January 1	1,000,569	2,037,397	3,037,966
Fund cash balances, December 31	\$ 1,029,751	\$ 1,985,484	\$ 3,015,235

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

Walnut Township
Fairfield County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 1 – Reporting Entity

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

Jointly Governed Organizations and Public Entity Risk Pools

The Township participates in a jointly governed organization and a public entity risk pool. Notes 7 and 11 to the financial statements provide additional information for these entities. 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

Basis of Presentation

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

Fund Accounting

The Township uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Township are presented below:

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

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

Fire Operating Fund This fund receives real estate property tax, manufactured home tax and homestead tax money to pay for providing fire and medical emergency services.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned and recognizes disbursements when paid rather than when liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

Walnut Township
Fairfield County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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

Budgetary Process

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

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the function and program level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

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

Encumbrances The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. Management has included audit adjustments in the accompanying budgetary presentations for material items that should have been encumbered.

A summary of 2021 budgetary activity appears in Note 4.

Deposits and Investments

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Money market mutual funds are recorded at share values the mutual funds report.

Capital Assets

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

Accumulated Leave

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

Walnut Township
Fairfield County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Fund Balance

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

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

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

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

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

For regulatory purposes, limited disclosure related to fund balance is included in Note 12.

Note 3 – Compliance

- A. Contrary to Ohio Revised Code Section 5705.38(A), the Township did not pass appropriations in a timely manner.
- B. Contrary to Ohio Revised Code Section 5705.38(C), the Township did not pass appropriations at the minimum legal level of control.
- C. Contrary to Ohio Revised Code Section 5705.41(B) and 5705.40, the Township had disbursements in excess of appropriations for the Retirement Fund.

Walnut Township
Fairfield County
Notes to the Financial Statements
For the Year Ended December 31, 2021

- D. Contrary to Ohio Revised Code Section 145.47(B), the Township did not properly withhold and remit amounts required by the Ohio Public Employees Retirement System.
- E. Contrary to Ohio Revised Code Section 5705.41(D), the Township had disbursements that were not timely certified.
- F. Contrary to Ohio Revised Code 121.22(C), the Township did not properly maintain Board of Trustee meeting minutes.

Note 4 – Budgetary Activity

Budgetary activity for the year ending 2021 follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$205,159	\$173,739	(\$31,420)
Special Revenue	6,651,619	5,996,884	(654,735)
Total	\$6,856,778	\$6,170,623	(\$686,155)

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$348,397	\$152,756	\$195,641
Special Revenue	6,956,445	6,120,392	836,053
Total	\$7,304,842	\$6,273,148	\$1,031,694

Note 5 – Deposits

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

	2021
Cash Management Pool:	
Demand deposits	\$ 2,465,446
Certificates of deposit	395,567
Other time deposits (Money Market)	154,222
Total deposits	\$ 3,015,235

Deposits

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

Walnut Township
Fairfield County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 6 – Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

Note 7 – Risk Management

Risk Pool Membership

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

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

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

	<u>2021</u>
Cash and investments	\$34,880,599
Actuarial liabilities	\$10,601,444

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some Township employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include postemployment health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Township contributed an amount equaling 14 percent of participants’ gross salaries. The Township has paid all contributions required through December 31, 2021.

Walnut Township
Fairfield County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Social Security

Some Township employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2021.

Note 9 – Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2021. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2021.

Note 10 – Debt

Debt outstanding at December 31, 2021, was as follows:

	Principal	Interest Rate
Ohio Public Works Commission (OPWC) Loan #CQ10U	34,305	0.00%
Total	\$34,305	

OPWC Loan (CQ10U) was issued in 2019 for Cherry Lane Improvements. OPWC approved up to \$128,308 in a loan to the Township for this project. The Township repays the loan in semiannual installments of \$2,639 over 10 years. The interest-free loan will be retired from the Road and Bridge fund (Special Revenue Fund Type). This loan will mature in 2028.

Fire Station Acquisition Bond and Fire Truck Acquisition Bonds – These bonds were issued in 2021 for the purpose of constructing a fire station and acquiring a fire truck. The bonds had interest rates ranging from 2.55-2.89%. Payments on the bonds are due monthly. Payments are made from the Fire Operating Levy fund (Special Revenue Fund Type). During 2021, the Township paid off the bonds early, thus the Township does not have an outstanding balance.

Walnut Township
Fairfield County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Amortization

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

Year Ending December 31:	OPWC Loan
2022	\$5,278
2023	5,278
2024	5,278
2025	5,278
2026	5,278
2027-2028	7,916
Total	<u>\$34,305</u>

Note 11 – Jointly Governed Organization

The Township appoints a person to represent the Township on the 48-member board of the Fairfield Regional Planning Commission. The Township pays a small membership fee annually. The fee is based on the per capita of the Township. There is no ongoing financial interest or responsibility by the Township.

Note 12 – Fund Balances

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

Fund Balances	General	Special Revenue	Total
Outstanding Encumbrances	<u>\$ 8,199</u>	<u>\$ 71,595</u>	<u>\$ 79,794</u>

The fund balance of special revenue funds is either restricted or committed. These restricted or committed amounts in the special revenue funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 13 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio’s state of emergency ended in June, 2021 while the national state of emergency ended April 2023. The financial impact of COVID-19 and the emergency measures will impact subsequent periods of the Township. The impact on the Township’s future operating costs, revenues, and additional recovery from funding, either federal or state, cannot be estimated.

Walnut Township
Fairfield County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 14 – Special Item

The Township absorbed the fire departments of the Village of Thurston and the Village of Millersport. As a result, the Township received one-time payments totaling \$915,923 from the respective villages to help the Township provide fire and EMS services to the two villages.

Note 15 – Contingent Liabilities

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

**WALNUT TOWNSHIP
FAIRFIELD COUNTY, OHIO**

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2020

	General	Special Revenue	Total (Memorandum Only)
Cash receipts:			
Property and Other Local Taxes	\$ 94,233	\$ 2,240,998	\$ 2,335,231
Charges for Services	-	237,140	237,140
Licenses, Permits and Fees	5,000	55,634	60,634
Intergovernmental	54,452	641,113	695,565
Earnings on Investments	28,421	8,140	36,561
Miscellaneous	9,746	49,684	59,430
Total cash receipts	<u>191,852</u>	<u>3,232,709</u>	<u>3,424,561</u>
Cash disbursements:			
Current:			
General Government	74,780	161,210	235,990
Public Safety	-	2,253,338	2,253,338
Public Works	-	369,864	369,864
Health	44,182	-	44,182
Human Services	1,000	-	1,000
Conservation-Recreation	5,988	-	5,988
Debt Service:			
Principal Retirement	-	10,555	10,555
Total cash disbursements	<u>125,950</u>	<u>2,794,967</u>	<u>2,920,917</u>
Net change in fund cash balances	<u>65,902</u>	<u>437,742</u>	<u>503,644</u>
Fund cash balances, January 1 - Restated	<u>934,667</u>	<u>1,599,655</u>	<u>2,534,322</u>
Fund cash balances, December 31	<u>\$ 1,000,569</u>	<u>\$ 2,037,397</u>	<u>\$ 3,037,966</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

Walnut Township
Fairfield County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 1 – Reporting Entity

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

Jointly Governed Organizations, Joint Ventures, and Public Entity Risk Pools

The Township participates in a jointly governed organization, a joint venture, and a public entity risk pool. Notes 7, 11 and 15, to the financial statements provide additional information for these entities. 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

Basis of Presentation

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

Fund Accounting

The Township uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Township are presented below:

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Basis of Accounting

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

Walnut Township
Fairfield County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Budgetary Process

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

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the function and program level of control and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

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

Encumbrances The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. Management has included audit adjustments in the accompanying budgetary presentations for material items that should have been encumbered.

A summary of 2020 budgetary activity appears in Note 4.

Deposits and Investments

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Money market mutual funds are recorded at share values the mutual funds report.

Capital Assets

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

Accumulated Leave

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

Fund Balance

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

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

Walnut Township
Fairfield County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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

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

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

For regulatory purposes, limited disclosure related to fund balance is included in Note 12.

Note 3 – Compliance

- A. Contrary to Ohio Revised Code Section 5705.38(A), the Township did not pass appropriations in a timely manner.
- B. Contrary to Ohio Revised Code Section 5705.38(C), the Township did not pass appropriations at the minimum legal level of control.
- C. Contrary to Ohio Revised Code Section 5705.41(B) and 5705.40, the Township had disbursements in excess of appropriations for the Fire Operating Levy Fund, Coronavirus Relief Fund, and Fire and Rescue and EMS Fund.
- D. Contrary to Ohio Revised Code Section 145.47(B), the Township did not properly withhold and remit amounts required by the Ohio Public Employees Retirement System.
- E. Contrary to Ohio Revised Code Section 5705.41(D), the Township had disbursements that were not timely certified.
- F. Contrary to Ohio Revised Code 121.22(C), the Township did not properly maintain Board of Trustee meeting minutes.

Walnut Township
Fairfield County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 4 – Budgetary Activity

Budgetary activity for the year ending 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$166,902	\$191,852	\$24,950
Special Revenue	2,817,802	3,232,709	414,907
Total	\$2,984,704	\$3,424,561	\$439,857

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$219,543	\$140,644	\$78,899
Special Revenue	2,840,591	2,794,967	45,624
Total	\$3,060,134	\$2,935,611	\$124,523

Note 5 – Deposits

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

	2020
<i>Cash Management Pool:</i>	
Demand deposits	\$ 2,092,831
Certificates of deposit	791,068
Other time deposits (Money Market)	154,067
Total deposits	\$ 3,037,966

Deposits

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

Walnut Township
Fairfield County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 6 – Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

Note 7 – Risk Management

Risk Pool Membership

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

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

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

	<u>2020</u>
Cash and investments	\$36,348,066
Actuarial liabilities	\$10,894,146

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some Township employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include postemployment health care and survivor and disability benefits.

Walnut Township
Fairfield County
Notes to the Financial Statements
For the Year Ended December 31, 2020

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Township contributed an amount equaling 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2020.

Social Security

Some Township employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2020.

Note 9 – Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2020.

Note 10 – Debt

Debt outstanding at December 31, 2020, was as follows:

	Principal	Interest Rate
Ohio Public Works Commission (OPWC) Loan #CQ10U	\$36,944	0.00%
Total	\$36,944	

OPWC Loan (CQ10U) was issued in 2019 for Cherry Lane Improvements. OPWC approved up to \$128,308 in a loan to the Township for this project. The Township repays the loan in semiannual installments of \$2,639 over 10 years. The interest-free loan will be retired from the Road and Bridge fund (Special Revenue Fund Type). This loan will mature in 2028.

Walnut Township
Fairfield County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Amortization

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

Year Ending December 31:	OPWC Loan
2021	\$2,639
2022	5,278
2023	5,278
2024	5,278
2025	5,278
2026-2028	13,193
Total	<u>\$36,944</u>

Note 11 – Jointly Governed Organization

The Township appoints a person to represent the Township on the 48-member board of the Fairfield Regional Planning Commission. The Township pays a small membership fee annually. The fee is based on the per capita of the Township. There is no ongoing financial interest or responsibility by the Township.

Note 12 – Fund Balances

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

<u>Fund Balances</u>	<u>General</u>
Outstanding Encumbrances	<u>\$ 14,694</u>

The fund balance of special revenue funds is either restricted or committed. These restricted or committed amounts in the special revenue funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 13 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio’s state of emergency ended in June, 2021 while the national state of emergency ended April 2023. The financial impact of COVID-19 and the emergency measures will impact subsequent periods of the Township. The impact on the Township’s future operating costs, revenues, and additional recovery from funding, either federal or state, cannot be estimated.

Walnut Township
Fairfield County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 14 – Prior Period Restatement

During 2020, the Township determined the need to void and clear prior year checks and receipts and a prior year audit adjustment that was not accounted for. The determination had the following effect on the General Fund and the Special Revenue Fund type cash balance at January 1, 2020:

Fund Cash Balance	General Fund	Special Revenue Fund
December 31, 2019	911,349	1,665,495
Adjustments	23,318	(65,840)
January 1, 2020	\$934,667	\$1,599,655

Note 15 – Joint Venture

The Township is in a joint venture with the Village of Thurston and the Village of Millersport to operate the Thurston Walnut Township Joint Fire Department. The Township contributes a portion each year towards the operation of the Thurston-Walnut Township Joint Fire Department. Monies are provided from fire levies each year determined by the annual budget prepared by the fire chief of the Thurston Walnut Township Joint Fire Department. The budget is forwarded to the Village of Thurston Council and Walnut Township Fire Department for approval.

In 2021, the Township absorbed the fire departments of the Village of Thurston and the Village of Millersport and this joint venture ceased to exist.

Note 16 – Contingent Liabilities

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

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

Walnut Township
Fairfield County
11420 Millersport Road Northeast
Millersport, Ohio 43046

To the Members of the Township Trustees and Fiscal Officer:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements for each governmental fund type of Walnut Township, Fairfield County, Ohio, as of and for the years ended December 31, 2021, and 2020 and the related notes to the financial statements and have issued our report thereon dated January 4, 2024, wherein we noted as described in Note 2 to the financial statements, Walnut Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Further, as discussed in Note 14 to the financial statements for the year ended December 31, 2020, the beginning fund balances were restated for the general fund and the special revenue funds to account for prior activity that was voided or cleared and a prior year audit adjustment that was not accounted for by Walnut Township.

Report on Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of Walnut Township's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2021-001 through 2021-003, and 2021-006 through 2021-007 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control, that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2021-005 and 2021-008 to be significant deficiencies.

Walnut Township
Fairfield County

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Walnut Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2021-001 through 2021-004, and 2021-007 through 2021-008.

Walnut Township's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Walnut Township's responses to the findings identified in our audit and described in the accompanying schedule of findings and responses. Walnut Township's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

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



Julian & Grube, Inc.
January 4, 2024

**WALNUT TOWNSHIP
FAIRFIELD COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2021 AND 2020**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
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Finding Number	2021-001
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Material Weakness/Noncompliance – Appropriations

Ohio Revised Code Section 5705.38(A) requires the following for appropriations for a Township: “On or about the first day of each fiscal year, the taxing authority of each subdivision or other taxing unit shall pass an appropriation measure...if it desires to postpone the passage of the annual appropriation measure until an amended certificate is received based on the actual balances, it may pass a temporary appropriation measure for meeting the ordinary expenses of the taxing unit until no later than the first day of April.”

The Township’s permanent appropriations for the years ended 2021 and 2020 were not passed until March 30, 2020 (no temporary appropriations were passed) and April 28, 2021 (temporary appropriations were passed), respectfully.

By not passing permanent appropriations in a timely manner, the Township risks insufficient oversight over expenditures since the Township Trustee’s will not have sufficiently detailed budget vs actual information available to them.

We recommend the Township pass either permanent or temporary appropriations before the beginning of the fiscal year per the ORC above, with the permanent appropriations being passed no later than April 1.

Client Response: The Fiscal Officer has discussed with the auditors to better understand what is needed.

Finding Number	2021-002
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Material Weakness/Noncompliance - Minimum Legal of Control

Ohio Revised Code Section 5705.38(C) requires the following minimum level of budgetary control for Townships: “Appropriation measures shall be classified so as to set forth separately the amounts appropriated for each office, department, and division, and, within each, the amount appropriated for personal services”.

The Township’s appropriations for the years ended 2021 and 2020 were passed at the fund level.

By not passing appropriations at the minimum legal level of control, the Township risks insufficient oversight over the disbursements within departments and divisions.

We recommend the Township pass appropriations at the object level of each fund, but at a minimum, pass appropriations at the personal services level within each office, department, and division.

Client Response: The Fiscal Officer has discussed with the auditors to better understand what is needed.

Finding Number	2021-003
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Material Weakness/Noncompliance – Disbursements Exceeding Appropriations

Ohio Revised Code Section 5705.41(B) requires that no subdivision is to expend money unless it has been appropriated. Also, the Ohio Revised Code Section 5705.40 outlines the requirements for amending and supplementing appropriations. This section requires that any amendments to an appropriation measure be made by resolution and comply with the same provisions of the law as used in making the original appropriations.

**WALNUT TOWNSHIP
FAIRFIELD COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2021 AND 2020**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS – (Continued)	
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Finding Number	2021-003 – (Continued)
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The Township had disbursements exceeding appropriations in the following funds for 2020:

	<u>Appropriations</u>	<u>Disbursements</u>	<u>Excess</u>
Fire Operating Levy Fund	\$1,773,616	\$1,882,970	\$109,354
Coronavirus Relief Fund	32,022	248,393	216,371
Fire and Rescue and EMS Fund	151,935	174,236	22,301

The Township had disbursements exceeding appropriations in the following fund for 2021:

	<u>Appropriations</u>	<u>Disbursements</u>	<u>Excess</u>
Retirement Fund	\$0	\$7,467	\$7,467

With disbursements exceeding appropriations, the Township is expending monies that have not been appropriated, which may result in unnecessary purchases or overspending which may lead to a fund deficit.

We recommend the Township comply with Ohio Revised Code Sections 5705.41(B) and 5705.40 and the Auditor of State Bulletin 97-010 by monitoring disbursements, so they do not exceed lawful appropriations and amending the budget prior to year-end. This may be achieved by monitoring the budget more closely and on a continual basis and making appropriation amendments as necessary, subsequent to the passage of permanent appropriations.

Client Response: The Fiscal Officer has discussed with the auditors to better understand what is needed.

Finding Number	2021-004
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Noncompliance – Purchase Order Noncompliance

Ohio Revised Code Section 5705.41(D) requires that no orders or contracts involving the expenditure of money are to be made unless there is a certificate from the fiscal officer affirming that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

The Township had 44% and 33% of disbursements tested that were not timely certified for the year ended December 31, 2021 and 2020, respectively.

By not adhering to proper budgeting activities and timely certifying amounts have been properly appropriated and are available for spending, the Township may expend more funds than it has available which could produce unallowable negative fund balances or may pay for unnecessary and/or improper purchases.

We recommend that all orders or contracts involving the disbursements of money be timely certified to ensure all monies expended are lawfully appropriated and available in the Township’s treasury or are in the process of being collected. An evaluation and redesign of the current control policies and procedures adopted by the Board and management of the Township may be beneficial and should improve overall budgetary practices. The Township should also consider only using “Then” and “Now” certificates in limited circumstances and when deemed necessary.

Client Response: The Fiscal Officer has discussed with the auditors to better understand what is needed.

**WALNUT TOWNSHIP
FAIRFIELD COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2021 AND 2020**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS – (Continued)	
Finding Number	2021-005

Significant Deficiency – Bank Reconciliation

The Township’s bank balances should be reconciled on a monthly basis, shortly after month end. Further, the bank reconciliations along with the supporting documentation should be submitted to the Township Trustees for review and approval at the meeting date following month end.

In 2021 and 2020, the Township was not able to reconcile their balances due to numerous outstanding checks and deposits in transit already cleared in the prior years or needed to be voided. The Township hired an outside consultant to assist with uncovering these errors and posting to them to the Township's system. The financial statements and Uniform Accounting Network balances were adjusted to agree to the updated December 31, 2021 and December 31, 2020 balances.

Not providing the Township Trustees with timely and accurate monthly reconciliations results in the Township Trustees relying on misrepresented information in which they base their decisions.

We recommend the Township Fiscal Officer timely reconcile its bank balances to ensure the activity posted within its system is correct. The Township should also review the outstanding items to verify they are truly outstanding.

Client Response: The Township had worked with the auditors to see what transactions had been cleared and which need to be voided out. Township will pay closer attention to these areas to make sure bank balances are correct.

Finding Number	2021-006
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Material Weakness – Financial Statement Presentation

Accurate financial reporting is required in order to provide management and other stakeholders with objective and timely information to enable well-informed decisions. Presentation of materially correct financial statements and the related footnotes is the responsibility of management. This responsibility remains intact even if management decides to outsource this function for efficiency purposes or any other reason. In either case, it is important that control procedures are developed related to the financial statements that enable management to identify, prevent, detect and correct potential misstatements in the financial statements and footnotes.

Certain adjustments were made to the financial statements and note disclosures for the years ended December 31, 2021 and 2020, to properly state financial statement amounts. The audited financial statements, note disclosures and Township records have been adjusted for the misstatements identified during the audit.

A lack of proper policies and procedures for control and monitoring activities associated with the period-end financial reporting process could lead to financial statement and note disclosure adjustments, which if uncorrected, could lead to a misrepresentation of the Township’s activity.

We recommend the Township implement additional control procedures that enable management to more timely prevent, detect and correct potential misstatements in the financial statements prior to presenting them to the auditors. Further, we recommend the Township review the adjustments noted during the audit and incorporate them into future reports.

Client Response: The Township will consult with State Audit and Township accounting firm to review in future.

**WALNUT TOWNSHIP
FAIRFIELD COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2021 AND 2020**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS – (Continued)	
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Finding Number	2021-007
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Material Weakness/Noncompliance – Retirement Contributions

Ohio Revised Code Section 145.47(B) states the head of each state department, institution, board, and commission, and the fiscal officer of each local authority subject to this chapter, shall transmit to the system for each contributor subsequent to the date of coverage an amount equal to the applicable percent of each contributor's earnable salary at such intervals and in such form as the system shall require. The head of each state department and the fiscal officer of each local authority subject to this chapter shall transmit promptly to the system a report of contributions at such intervals and in such form as the system shall require, showing thereon all the contributions and earnable salary of each contributor employed, together with warrants, checks, or electronic payments covering the total of such deductions. A penalty shall be added when such report, together with warrants, checks, or electronic payments to cover the total amount due from the earnable salary of all amenable employees of such employer, is filed thirty or more days after the last day of such reporting period.

The Township did not withhold and remit the amounts required by the Ohio Public Employees Retirement System (OPERS) for an employee originally hired in 2017. The amounts were remitted to OPERS in 2022, including penalties and interest.

Failure to remit withholdings and the employer share timely could result in the Township being assessed unnecessary penalties and interest.

We recommend the required OPERS reports be prepared and submitted, and the amounts withheld by properly remitted, in accordance with the OPERS' due dates. The employer share should also be timely remitted alongside the withholdings.

Client Response: The Township will review all employees and future employees to determine whatever or not they should contribute to OPERS. During 2022, the Township had paid the employee and employer past due amounts along with the interest amounts.

Finding Number	2021-008
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Significant Deficiency/Noncompliance – Meeting Minutes

Ohio Revised Code Section 121.22(C) states that the minutes of a regular or special meeting of any public body shall be promptly prepared, filed, and maintained and shall be open to public inspection.

The Township did not properly maintain multiple meeting minutes for the years 2021 and 2020. As a result, multiple meeting minutes were missing and could not be located within the Township building.

By not properly maintaining the minutes, the Township would not be able to comply with public records requests from citizens for multiple months during each year.

We recommend that the Township promptly prepare and file its minutes within a reasonable time after the public meeting has been adjourned. We also recommend that the Township maintain its minutes on the Township's website and within a binder in the Township's main building.

Client Response: The Township has been working on preparing, filing, and maintaining meeting minutes for the public to inspect.

**WALNUT TOWNSHP
FAIRFIELD COUNTY, OHIO**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2021 AND 2020**

Finding Number	Year Initially Occurred	Finding Summary	Status	Additional Information
2019-001	2019	<u>Noncompliance</u> – Disbursements were made in excess of appropriations for the Fire Operating Fund for the year ended December 31, 2018.	Not Corrected	Reissued as Finding 2021-003 as disbursements exceeded appropriations in multiple funds.
2019-002	2019	<u>Material Weakness – Financial Reporting</u> – Multiple adjustments were made to the financial statements during 2019 and 2018.	Not Corrected	Reissued as Finding 2021-006 as adjustments were posted for 2021 and 2020.

OHIO AUDITOR OF STATE KEITH FABER



WALNUT TOWNSHIP

FAIRFIELD COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 3/26/2024

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

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