

***WALNUT TOWNSHIP  
PICKAWAY COUNTY, OHIO***

***AUDIT REPORT***

***FOR THE YEARS ENDED DECEMBER 31, 2014 & 2013***







# Dave Yost • Auditor of State

Board of Trustees  
Walnut Township  
16017 Winchester Road  
Asheville, Ohio 43103

We have reviewed the *Independent Auditor's Report* of Walnut Township, Pickaway County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2013 through December 31, 2014. 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 cursive script that reads "Dave Yost".

Dave Yost  
Auditor of State

September 11, 2015

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**WALNUT TOWNSHIP  
PICKAWAY COUNTY, OHIO  
Audit Report  
For the Years Ended December 31, 2014 & 2013**

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***Charles E. Harris & Associates, Inc.***  
***Certified Public Accountants***

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INDEPENDENT AUDITOR'S REPORT

Walnut Township  
Pickaway County  
16017 Winchester Road  
Asheville, Ohio 43103

To the Board of Trustees:

***Report on the Financial Statements***

We have audited the accompanying financial statements and related notes of Walnut Township, Pickaway County, Ohio (the Township), as of and for the years ended December 31, 2014 and 2013.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

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

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

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

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

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

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

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2014 and 2013, or changes in financial position for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Walnut Township, Pickaway County, as of December 31, 2014 and 2013, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2015, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



***Charles E. Harris & Associates, Inc.***

June 22, 2015

**WALNUT TOWNSHIP**  
**PICKAWAY COUNTY**  
**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND**  
**CHANGES IN FUND CASH BALANCES**  
**All Governmental Fund Types**  
**For the Year Ended December 31, 2014**

	Governmental Fund Types				Totals- (Memorandum Only)
	General	Special Revenue	Capital Projects	Permanent	
<b>Receipts:</b>					
Property Taxes and Other Local Taxes	\$ 155,525	\$ 600,759	\$ -	\$ -	\$ 756,284
Licenses, Permits and Fees	504	22,058	-	-	22,562
Intergovernmental	25,555	182,456	-	-	208,011
Earnings on Investments	1,121	766	-	135	2,022
Miscellaneous	2,922	21,428	-	-	24,350
<b>Total Receipts</b>	<b>185,627</b>	<b>827,467</b>	<b>-</b>	<b>135</b>	<b>1,013,229</b>
<b>Disbursements:</b>					
<b>Current:</b>					
General Government	171,710	12,832	-	-	184,542
Public Safety	-	325,297	-	-	325,297
Public Works	-	318,679	-	-	318,679
Health	-	68,661	-	1,806	70,467
Capital Outlay	-	4,905	-	-	4,905
<b>Debt Service:</b>					
Principal Retirement	-	-	1,951	-	1,951
<b>Total Disbursements</b>	<b>171,710</b>	<b>730,374</b>	<b>1,951</b>	<b>1,806</b>	<b>905,841</b>
<b>Total Receipts Over/(Under)</b>					
Disbursements	13,917	97,093	(1,951)	(1,671)	107,388
<b>Other Financing Receipts/(Disbursements):</b>					
Sale of Capital Assets	8,000	-	-	-	8,000
<b>Total Other Financing Sources/(Uses)</b>	<b>8,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,000</b>
<b>Excess of Receipts and Other Sources Over/(Under) Disbursements and Other Uses</b>	<b>21,917</b>	<b>97,093</b>	<b>(1,951)</b>	<b>(1,671)</b>	<b>115,388</b>
<b>Fund Cash Balance, January 1, 2014</b>	<b>256,736</b>	<b>375,692</b>	<b>6,800</b>	<b>62,145</b>	<b>701,373</b>
<b>Fund Balances:</b>					
Nonspendable	-	-	-	40,649	40,649
Restricted	-	472,785	-	19,825	492,610
Committed	-	-	4,849	-	4,849
Assigned	1,032	-	-	-	1,032
Unassigned	277,621	-	-	-	277,621
<b>Fund Cash Balance, December 31, 2014</b>	<b>\$ 278,653</b>	<b>\$ 472,785</b>	<b>\$ 4,849</b>	<b>\$ 60,474</b>	<b>\$ 816,761</b>

See Accompanying Notes to the Financial Statements.

**WALNUT TOWNSHIP**  
**PICKAWAY COUNTY**  
**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND**  
**CHANGES IN FUND CASH BALANCES**  
**All Governmental Fund Types**  
**For the Year Ended December 31, 2013**

	Governmental Fund Types				Totals- (Memorandum Only)
	General	Revenue	Capital Projects	Permanent	
<b>Receipts:</b>					
Property Taxes and Other Local Taxes	\$ 151,508	\$ 583,597	\$ -	\$ -	\$ 735,105
Licenses, Permits and Fees	3,300	23,170	-	-	26,470
Intergovernmental	103,237	184,112	-	-	287,349
Earnings on Investments	1,344	839	-	266	2,449
Miscellaneous	2,302	16,207	-	5,000	23,509
<b>Total Receipts</b>	<b>261,691</b>	<b>807,925</b>	<b>-</b>	<b>5,266</b>	<b>1,074,882</b>
<b>Disbursements:</b>					
<b>Current:</b>					
General Government	156,232	15,685	-	-	171,917
Public Safety	-	359,655	-	-	359,655
Public Works	-	438,170	-	-	438,170
Health	-	69,761	-	3,678	73,439
Capital Outlay	92,173	44,627	-	-	136,800
<b>Debt Service:</b>					
Principal Retirement	-	-	1,300	-	1,300
<b>Total Disbursements</b>	<b>248,405</b>	<b>927,898</b>	<b>1,300</b>	<b>3,678</b>	<b>1,181,281</b>
<b>Total Receipts Over/(Under)</b>					
Disbursements	13,286	(119,973)	(1,300)	1,588	(106,399)
<b>Other Financing Receipts/(Disbursements):</b>					
Transfers In	-	-	8,100	-	8,100
Transfers Out	(8,100)	-	-	-	(8,100)
<b>Total Other Financing Sources/(Uses)</b>	<b>(8,100)</b>	<b>-</b>	<b>8,100</b>	<b>-</b>	<b>-</b>
<b>Excess of Receipts and Other</b>					
<b>Sources Over/(Under) Disbursements</b>					
and Other Uses	5,186	(119,973)	6,800	1,588	(106,399)
<b>Fund Cash Balance, January 1, 2013</b>	<b>251,550</b>	<b>495,665</b>	<b>-</b>	<b>60,557</b>	<b>807,772</b>
<b>Fund Balances:</b>					
Nonspendable	-	-	-	40,365	40,365
Restricted	-	375,692	-	21,780	397,472
Committed	-	-	6,800	-	6,800
Assigned	19,485	-	-	-	19,485
Unassigned	237,251	-	-	-	237,251
<b>Fund Cash Balance, December 31, 2013</b>	<b>\$ 256,736</b>	<b>\$ 375,692</b>	<b>\$ 6,800</b>	<b>\$ 62,145</b>	<b>\$ 701,373</b>

See Accompanying Notes to the Financial Statements.

**WALNUT TOWNSHIP**  
**PICKAWAY COUNTY, OHIO**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2014 and 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

Walnut Township, Pickaway County, Ohio (the Township) is a body corporate and politic 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 provides road and bridge maintenance, fire protection and cemetery maintenance. The Township contracts with Harrison Township for fire and emergency medical services.

The Township's management believes these financial statements included in this report represent all of the funds of the Township over which the Township has the ability to exercise direct operating control.

B. 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(D). This basis is similar to the cash receipts and disbursements accounting basis. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved.)

The 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(D) permit.

C. DEPOSIT AND INVESTMENTS

Investments are included in fund cash balances. 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 disbursements, respectively.

D. FUND ACCOUNTING

The Township maintains its accounting records in accordance with the principles of "Fund" accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity, which stands separate from the activities reported in other funds.

**WALNUT TOWNSHIP**  
**PICKAWAY COUNTY, OHIO**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2014 and 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. FUND ACCOUNTING – (Continued)

The restrictions associated with each class of funds are as follows:

Governmental Fund Types:

General Fund: The general operating fund of the Township. It is used to account for all financial resources except those required by law or contract to be accounted for in another fund.

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

- Gasoline Tax Fund - This fund receives gasoline excise taxes to pay for constructing, maintaining and repairing Township roads.
- Road and Bridge Fund-Receives property taxes for constructing, maintaining and repairing Township roads and bridges.
- Fire District Fund-Receives property taxes levied to provide fire protection to the Township.

E. BUDGETARY PROCESS

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

1. Appropriations

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

2. Estimated Resources

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

**WALNUT TOWNSHIP**  
**PICKAWAY COUNTY, OHIO**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2014 and 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

E. BUDGETARY PROCESS - (Continued)

3. 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.

A summary of 2014 and 2013 budgetary activity appears in Note 4.

F. 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.

1. **Nonspendable**

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

2. **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.

3. **Committed**

The 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.

**WALNUT TOWNSHIP**  
**PICKAWAY COUNTY, OHIO**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2014 and 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

F. FUND BALANCE – (Continued)

4. **Assigned**

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as restrict or committed. Governmental funds other than the general fund report all fund balances as assigned unless they are restricted or committed. In the general fund, assigned amounts represent intended uses established by the Township Trustees.

5. **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.

G. PROPERTY, PLANT AND EQUIPMENT

Acquisitions of property, plant and equipment are recorded as capital outlay disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

H. ACCUMULATED LEAVE

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's basis of accounting.

2. EQUITY IN POOLED CASH AND CASH EQUIVALENTS

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

**WALNUT TOWNSHIP**  
**PICKAWAY COUNTY, OHIO**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2014 and 2013**

2. EQUITY IN POOLED CASH AND CASH EQUIVALENTS – (Continued)

	2014	2013
Demand Deposits	\$736,354	\$620,966
Certificates of Deposit	80,407	80,407
	\$816,761	\$701,373

**Deposits:** Deposits are either (1) insured by the Federal Deposit Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the Township, or (3) collateralized by the financial institution’s public entity deposit pool.

3. PROPERTY TAXES

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

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

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

4. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2014 and 2013 follows:

	<u>2014 Budgeted vs Actual Receipts</u>		
<u>Fund:</u>	Budgeted Receipts	Actual Receipts	Variance
General Fund	\$ 205,828	\$ 193,627	\$ (12,201)
Special Revenue Funds	824,565	827,467	2,902
Capital Projects	5,000	-	(5,000)
Permanent	-	135	135

	<u>2014 Budgeted vs Actual Budgetary Basis Disbursements</u>		
<u>Fund:</u>	Appropriation Authority	Budgetary Disbursements	Variance
General Fund	\$ 435,636	\$ 172,742	\$ 262,894
Special Revenue Funds	1,166,646	731,458	435,188
Capital Projects	11,800	1,951	9,849
Permanent	6,000	1,806	4,194

**WALNUT TOWNSHIP**  
**PICKAWAY COUNTY, OHIO**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2014 and 2013**

4. BUDGETARY ACTIVITY – (Continued)

<u>Fund:</u>	<u>2013 Budgeted vs Actual Receipts</u>		<u>Variance</u>
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	
General Fund	\$ 210,317	\$ 261,691	\$ 51,304
Special Revenue Funds	883,832	807,925	(75,907)
Capital Projects	13,479	8,100	(5,379)
Permanent	-	5,266	5,266

<u>Fund:</u>	<u>2013 Budgeted vs Actual Budgetary Basis Disbursements</u>		<u>Variance</u>
	<u>Appropriation Authority</u>	<u>Budgetary Disbursements</u>	
General Fund	\$ 450,338	\$ 275,990	\$ 174,348
Special Revenue Funds	1,256,208	967,001	289,207
Capital Projects	9,000	1,300	7,700
Permanent	6,000	3,678	2,322

5. RETIREMENT SYSTEMS

The Township's employees belong to the Ohio Public Employees Retirement System (OPERS), a state operated, cost sharing, multiple employer plan. The plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

The 2013 and 2014 member contribution rates were 10.0% of covered payroll for members in state and local classifications. The 2013 and 2014 employer contribution rate for state and local employers was 14.0% for covered payroll.

The Township paid all required contributions through 2014.

6. RISK MANAGEMENT

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Township belongs to the Ohio Township Association Risk Management Authority

**WALNUT TOWNSHIP  
PICKAWAY COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended December 31, 2014 and 2013**

6. RISK MANAGEMENT – (Continued)

RISK POOL MEMBERSHIP – (Continued)

(OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. York Risk Pooling Services, Inc. (formerly known as American Risk Pooling Consultants, Inc.). York functions as the administrator of the Pool. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides OTARMA with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2014, OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims.

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

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2013 and 2014:

	<u>2013</u>	<u>2014</u>
Assets	\$ 34,954,286	\$ 35,970,263
Liabilities	<u>(8,486,363)</u>	<u>( 8,912,432)</u>
Member's Equity	<u>\$ 26,467,923</u>	<u>\$ 27,057,831</u>

At December 31, 2013 and 2014, respectively, the liabilities above include approximately \$7.9 and \$8.2 million of estimated incurred claims payable. The assets above also include approximately \$7.4 and \$7.2 million of unpaid claims to be billed to approximately 957 member governments in the future, as of December 31, 2013 and 2014, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2014, the Township's share of these unpaid claims collectible in future years is approximately \$5,000.

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

**WALNUT TOWNSHIP  
PICKAWAY COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended December 31, 2014 and 2013**

6. RISK MANAGEMENT – (Continued)

RISK POOL MEMBERSHIP – (Continued)

<u>Contributions to OTARMA</u>	
<u>2013</u>	<u>2014</u>
\$6,068	\$6,148

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

7. DEBT

Debt outstanding at December 31, 2014 is as follows:

<u>Description:</u>	<u>Principal</u>	<u>Interest Rate</u>
OPWC Loan	<u>\$16,905</u>	0.00%

The Township borrowed \$22,106 in 2011 for the Walnut Heights Sub-Division Roadway Improvement project. This loan requires semi-annual payments of \$650 for 17 years, beginning on November 1, 2014 with the final payment due on January 1, 2028.

Principal and interest requirements for debt outstanding at December 31, 2014 is as follows:

<u>Year Ended</u>	<u>Bank Loan</u>
2015	\$ 650
2016	1,300
2017	1,300
2018	1,300
2019	1,300
2020-2024	6,500
2025-2028	<u>4,555</u>
Total	<u>\$ 16,905</u>

**WALNUT TOWNSHIP  
PICKAWAY COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended December 31, 2014 and 2013**

7. CONTINGENT LIABILITES/SUBSEQUENT EVENTS

Management believes there are no pending claims or lawsuits.

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Office phone - (216) 575-1630  
Fax - (216) 436-2411

***Charles E. Harris & Associates, Inc.***  
*Certified Public Accountants*

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

Walnut Township  
Pickaway County  
16017 Winchester Road  
Ashville, Ohio 43103

To the Board of Trustees:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Walnut Township, Pickaway County (the Township), as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements and have issued our report thereon dated June 22, 2015, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

***Internal Controls Over Financial Reporting***

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. *A material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

***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, opining 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



***Charles E. Harris & Associates, Inc.***  
June 22, 2015

**WALNUT TOWNSHIP  
PICKAWAY COUNTY, OHIO  
SCHEDULE OF PRIOR AUDIT FINDINGS  
For the Year Ended December 31, 2014 and 2013**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2012-01	Material Weakness/Non-Compliance: Receipts posted to wrong funds	Yes	
2012-02	Material Weakness: Receipts/Expenditures missclassified	Yes	

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# Dave Yost • Auditor of State

**WALNUT TOWNSHIP**

**PICKAWAY COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
SEPTEMBER 24, 2015**