



**WALNUT TOWNSHIP
FAIRFIELD COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999 - 1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**WALNUT TOWNSHIP
FAIRFIELD COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Walnut Township
Fairfield County
11793 Summerland Beach Road
Millersport, Ohio 43046

To the Board of Trustees:

We have audited the accompanying financial statements of Walnut Township, Fairfield County, Ohio, (the Township) as of and for the years ended December 31, 1999 and December 31, 1998. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Walnut Township, Fairfield County, Ohio as of December 31, 1999 and December 31, 1998, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 6, 2000 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of management, the Board, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro".

JIM PETRO
Auditor of State

July 6, 2000

**WALNUT TOWNSHIP
FAIRFIELD COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$44,378	\$436,141	\$0	\$480,519
Intergovernmental	126,049	156,044	229,536	511,629
Licenses, Permits, and Fees	0	26,460	0	26,460
Earnings on Investments	30,120	10,167	0	40,287
Other Receipts	3,225	21,240	0	24,465
	<u>203,772</u>	<u>650,052</u>	<u>229,536</u>	<u>1,083,360</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	129,486	21,749	0	151,235
Public Safety	1,488	242,700	0	244,188
Public Works	4,275	271,765	0	276,040
Health	56	0	0	56
Conservation - Recreation	2,218	0	0	2,218
Debt Service:				
Redemption of Principal	0	10,000	0	10,000
Interest and Fiscal Charges	30,300	1,992	0	1,992
Capital Outlay	30,300	32,373	249,819	312,492
	<u>167,823</u>	<u>580,579</u>	<u>249,819</u>	<u>998,221</u>
Total Cash Disbursements				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	35,949	69,473	(20,283)	85,139
Fund Cash Balances, January 1	83,578	438,782	88,494	610,854
Fund Cash Balances, December 31	<u>\$119,527</u>	<u>\$508,255</u>	<u>\$68,211</u>	<u>\$695,993</u>
Reserve for Encumbrances, December 31	<u>\$0</u>	<u>\$16,517</u>	<u>\$0</u>	<u>\$16,517</u>

The notes to the financial statements are an integral part of this statement.

**WALNUT TOWNSHIP
FAIRFIELD COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$36,745	\$322,689	\$0	\$359,434
Intergovernmental	259,758	129,856	85,021	474,635
Licenses, Permits, and Fees	0	16,864	0	16,864
Earnings on Investments	25,628	8,862	0	34,490
Other Receipts	5,080	5,810	0	10,890
	<u>327,211</u>	<u>484,081</u>	<u>85,021</u>	<u>896,313</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	119,442	7,416	0	126,858
Public Safety	20	164,362	0	164,382
Public Works	1,906	247,034	0	248,940
Health	1,612	0	0	1,612
Conservation - Recreation	929	0	0	929
Debt Service:				
Redemption of Principal	0	15,000	0	15,000
Interest and Fiscal Charges	0	2,444	0	2,444
Capital Outlay	61,814	1,950	185,633	249,397
	<u>185,723</u>	<u>438,206</u>	<u>185,633</u>	<u>809,562</u>
Total Cash Disbursements				
Total Receipts Over/(Under) Disbursements	<u>141,488</u>	<u>45,875</u>	<u>(100,612)</u>	<u>86,751</u>
Other Financing Receipts/(Disbursements):				
Transfers-In	0	17,343	176,171	193,514
Advances-In	5,000	0	5,000	10,000
Transfers-Out	(186,171)	(7,343)	0	(193,514)
Advances-Out	(5,000)	0	(5,000)	(10,000)
	<u>(186,171)</u>	<u>10,000</u>	<u>176,171</u>	<u>0</u>
Total Other Financing Receipts/(Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(44,683)	55,875	75,559	86,751
Fund Cash Balances, January 1	<u>128,261</u>	<u>382,907</u>	<u>12,934</u>	<u>524,102</u>
Fund Cash Balances, December 31	<u>\$83,578</u>	<u>\$438,782</u>	<u>\$88,493</u>	<u>\$610,853</u>
Reserve for Encumbrances, December 31	<u>\$0</u>	<u>\$18,000</u>	<u>\$253,871</u>	<u>\$271,871</u>

The notes to the financial statements are an integral part of this statement.

**WALNUT TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Walnut Township, Fairfield County, (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 general governmental services, including the regulation of zoning, road and bridge maintenance, and fire protection and emergency medical services. The Township contracts with the Village of Thurston, Village of Millersport, and Pleasant Township to provide fire and ambulance services.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. 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).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

Certificates of deposit are valued at cost. Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

D. Fund Accounting

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

Road and Bridge Fund - This fund receives real estate tax, personal property tax, manufactured home tax, and homestead and rollback money for constructing, maintaining and repairing Township roads and bridges.

**WALNUT TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (continued)

2. Special Revenue Funds (continued)

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

3. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Township had the following significant capital project fund:

Issue II Fund - The Township received a grant from the State of Ohio for draining improvements and widening of road on Lakeshore Drive.

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 and object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. 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 also approve estimated resources.

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 1999 and 1998 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

**WALNUT TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the Township.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>1999</u>	<u>1998</u>
Demand deposits	\$18,181	\$13,701
Money Market Account	175,825	170,175
Certificates of deposit	501,987	426,977
Total deposits	695,993	610,853

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation or (2) collateralized by the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and December 31, 1998 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$176,206	\$203,772	\$27,566
Special Revenue	584,716	650,052	65,336
Capital Projects	236,200	229,536	(6,664)
Total	\$997,122	\$1,083,360	\$86,238

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$257,375	\$167,823	\$89,552
Special Revenue	1,021,866	597,096	424,770
Capital Projects	342,291	249,819	92,472
Total	\$1,621,532	\$1,014,738	\$606,794

**WALNUT TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$313,706	\$332,211	\$18,505
Special Revenue	562,595	501,424	(61,171)
Capital Projects	475,528	266,192	(209,336)
Total	\$1,351,829	\$1,099,827	(\$252,002)

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$408,570	\$371,894	\$36,676
Special Revenue	842,349	463,549	378,800
Capital Projects	420,863	439,504	(18,641)
Total	\$1,671,782	\$1,274,947	\$396,835

4. PROPERTY TAX

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

5. DEBT

Debt outstanding at December 31, 1999 was as follows:

	Principal	Interest Rate
General Obligation Notes	\$20,000	4.90%

The general obligation notes were issued to finance the purchase of a Tractor and Mower. The loan is with First Bremen Bank of Bremen, Ohio. The loan will be repaid in April of 2000.

**WALNUT TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

5. DEBT (Continued)

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

<u>Year ending December 31:</u>	<u>General Obligation Notes</u>
2000	<u><u>\$20,980</u></u>

In addition to the debt described above, the Township has defeased certain debt issues from prior years. Defeased debt principal outstanding at December 31, 1999 was \$20,000. Since trustee assets should provide sufficient resources to retire this issue, the investments and debt are not presented in this report.

6. LEASE AGREEMENT

The Township entered into a lease agreement on April 2, 1998, with Millersport Fire Department for use of a storage place for a tractor or a truck and some small tools. The term of the lease agreement is five years with an annual payment of \$4,000.

7. RETIREMENT SYSTEMS

The Township's full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including post-retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 1999 and 1998, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 1999.

8. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions

The Township also provides health insurance and dental and vision coverage to full-time employees through a private carrier.

**WALNUT TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

9. PRIOR PERIOD ADJUSTMENT

To correct an accounting error made in 1997 the following adjustment was made to beginning fund balance:

General Fund balance 12/31/97	\$ 128,363
Error Correction	<u>(102)</u>
General Fund Balance 1/1/98	<u>\$ 128,261</u>



**STATE OF OHIO
OFFICE OF THE AUDITOR**

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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Walnut Township
Fairfield County
11793 Summerland Beach Road
Millersport, Ohio 43046

To the Board of Trustees:

We have audited the accompanying financial statements of Walnut Township, Fairfield County, Ohio (the Township), as of and for the years ended December 31, 1999 and December 31, 1998, and have issued our report thereon dated July 6, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated July 6, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated July 6, 2000.

This report is intended for the information and use of management and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

JIM PETRO
Auditor of State

July 6, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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WALNUT TOWNSHIP

FAIRFIELD 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
NOVEMBER 14, 2000**