



**WALNUT TOWNSHIP  
GALLIA COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 1999-1998**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**WALNUT TOWNSHIP  
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## REPORT OF INDEPENDENT ACCOUNTANTS

Walnut Township  
Gallia County  
20732 State Route 141  
Patriot, Ohio 45658

To the Board of Trustees:

We have audited the accompanying financial statements of Walnut Township, Gallia County, Ohio, (the Township) as of and for the years ended December 31, 1999 and 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 of Walnut Township, Gallia County, Ohio, as of December 31, 1999 and 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 a report dated June 2, 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.

This report is intended solely for the information and use of the management and the Board of Trustees, and other officials authorized to receive this report under Section 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

June 2, 2000



**WALNUT TOWNSHIP**  
**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>			<b>Total (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$4,495	\$4,069	\$	\$8,564
Intergovernmental	13,415	62,549		75,964
Interest	1,092	551		1,643
Other Revenue	798	100		898
	<u>19,800</u>	<u>67,269</u>		<u>87,069</u>
<b>Total Cash Receipts</b>				
	<u>19,800</u>	<u>67,269</u>		<u>87,069</u>
<b>Cash Disbursements:</b>				
Current:				
General Government	32,408	11,278		43,686
Public Works	539	49,272		49,811
Health	571			571
Capital Outlay	8,500		39,000	47,500
	<u>42,018</u>	<u>60,550</u>	<u>39,000</u>	<u>141,568</u>
<b>Total Cash Disbursements</b>				
	<u>42,018</u>	<u>60,550</u>	<u>39,000</u>	<u>141,568</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>(22,218)</u>	<u>6,719</u>	<u>(39,000)</u>	<u>(54,499)</u>
<b>Other Financing Sources:</b>				
Proceeds of Loan			39,000	39,000
Sale Of Assets	8,077			8,077
	<u>8,077</u>		<u>39,000</u>	<u>47,077</u>
<b>Total Other Financing Sources</b>				
	<u>8,077</u>	<u>0</u>	<u>39,000</u>	<u>47,077</u>
<b>Excess of Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements</b>	<u>(14,141)</u>	<u>6,719</u>		<u>(7,422)</u>
<b>Fund Cash Balances, January 1</b>	<u>55,471</u>	<u>31,572</u>	<u>59</u>	<u>87,102</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$41,330</b></u>	<u><b>\$38,291</b></u>	<u><b>\$59</b></u>	<u><b>\$79,680</b></u>

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

**WALNUT TOWNSHIP**  
**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>			<b>Total (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$4,555	\$4,136	\$	\$8,691
Intergovernmental	32,464	75,348		107,812
Interest	1,313	564		1,877
Other Revenue	5,023	80		5,103
	<u>43,355</u>	<u>80,128</u>		<u>123,483</u>
<b>Cash Disbursements:</b>				
Current:				
General Government	23,970	5,289		29,259
Public Works		55,115		55,115
Health	768			768
Capital Outlay	25,025	12,602		37,627
	<u>49,763</u>	<u>73,006</u>		<u>122,769</u>
Total Receipts Over/(Under) Disbursements	<u>(6,408)</u>	<u>7,122</u>		<u>714</u>
<b>Other Financing Sources/(Uses):</b>				
Transfers-In	7,307			7,307
Transfers-Out		(7,307)		(7,307)
	<u>7,307</u>	<u>(7,307)</u>		<u>0</u>
Excess of Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements and Other Financing Uses	899	(185)		714
Fund Cash Balances, January 1	<u>54,572</u>	<u>31,757</u>	<u>59</u>	<u>86,388</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$55,471</u></b>	<b><u>\$31,572</u></b>	<b><u>\$59</u></b>	<b><u>\$87,102</u></b>

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

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Walnut Township, Gallia 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 and a publicly-elected Clerk. The Township provides general governmental services including maintenance of Township roads and cemeteries. The Township contracts for fire service.

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 a payment is made rather than when a liability is incurred.

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

**C. Cash and Investments**

Cash and certificates of deposit are valued at cost.

**D. Fund Accounting**

The Township uses fund accounting to segregate cash that is 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 Fund:

*Gasoline Tax Fund* - This fund received gasoline tax money for maintaining Township roads.

**3. Debt Service Fund**

The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness. The Township had the following significant Debt Service Fund:

*General Retirement Fund* - This fund received proceeds of a loan to purchase a Township back hoe.

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Budgetary Process**

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

**1. Appropriations**

Budgetary expenditures (i.e., disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Township Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. 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 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 canceled, and reappropriated in the subsequent year.

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.

**2. EQUITY IN POOLED CASH**

The Township maintains a cash 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:

	<u>1999</u>	<u>1998</u>
Demand deposits	\$64,680	\$87,102
Certificates of deposit	<u>15,000</u>	<u>          </u>
Total deposits	<u>\$79,680</u>	<u>\$87,102</u>

**Deposits:** Deposits are insured by the Federal Deposit Insurance Corporation.

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

**3. BUDGETARY ACTIVITY**

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

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$27,798	\$27,877	\$79
Special Revenue	79,261	67,269	(11,992)
Debt Service	<u>39,000</u>	<u>39,000</u>	<u>          </u>
Total	<u>\$146,059</u>	<u>\$134,146</u>	<u>(\$11,913)</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$76,150	\$42,018	\$34,132
Special Revenue	100,336	60,550	39,786
Debt Service	<u>39,000</u>	<u>39,000</u>	<u>          </u>
Total	<u>\$215,486</u>	<u>\$141,568</u>	<u>\$73,918</u>

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$45,410	\$50,662	\$5,252
Special Revenue	<u>86,659</u>	<u>80,128</u>	<u>(6,531)</u>
Total	<u>\$132,069</u>	<u>\$130,790</u>	<u>(\$1,279)</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$73,900	\$49,763	\$24,137
Special Revenue	<u>104,987</u>	<u>80,313</u>	<u>24,674</u>
Total	<u>\$178,887</u>	<u>\$130,076</u>	<u>\$48,811</u>

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

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Township 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.

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

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
Note Bank Loan	\$39,000	5.75%
Total	\$39,000	

The Back Hoe Loan was entered into by the Township in 1999. The bank agreement was a five year loan at 5.75% interest, with annual payments of \$9,216 including interest.

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

Year ending December 31:	General Obligation Notes
2000	\$9,216
2001	9,216
2002	9,216
2003	9,216
2004	9,216
Total	\$46,080

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

**6. RETIREMENT SYSTEMS**

The Township's 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, members of PERS 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.

**7. RISK MANAGEMENT**

The Township is a member of the Ohio Township Association Risk Management Authority (OTARMA). OTARMA assumes the risk of loss up to the limits of the Township's policy. OTARMA may assess supplemental premiums. The following risks are covered by OTARMA:

- General liability and casualty
- Public official's liability
- Vehicle
- Property

The Township also provides health insurance to its officials through a private carrier.

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OFFICE OF THE AUDITOR

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

Walnut Township  
Gallia County  
20732 State Route 141  
Patriot, Ohio 45658

To the Board of Trustees:

We have audited the financial statements of Walnut Township, Gallia County, Ohio, (the Township) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated June 2, 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 the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express 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 a certain immaterial instance of noncompliance that we have reported to management of the Township in a separate letter dated June 2, 2000.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the 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 the management of the Township in a separate letter dated June 2, 2000.

This report is intended for the information and use of the 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

June 2, 2000



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**WALNUT TOWNSHIP**

**GALLIA 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  
JULY 13, 2000**