



**WALNUT TOWNSHIP
PICKAWAY COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000 - 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**WALNUT TOWNSHIP
PICKAWAY COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Accountants	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types For the Year Ended December 31, 2000	3
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – Fiduciary Fund Type For the Year Ended December 31, 2000	4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types For the Year Ended December 31, 1999	5
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – Fiduciary Fund Type For the Year Ended December 31, 1999	6
Notes to the Financial Statements	7
Report Compliance and Internal Control Required by <i>Government Auditing Standards</i>	13
Schedule of Findings	15

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REPORT OF INDEPENDENT ACCOUNTANTS

Walnut Township
Pickaway County
16457 Ett Noecker Road
Ashville, Ohio 43103

To the Board of Trustees:

We have audited the accompanying financial statements of Walnut Township, Pickaway County, Ohio, (the Township) as of and for the years ended December 31, 2000 and December 31, 1999. 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 audits.

We conducted our audits 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 audits 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 audits provide 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 the Walnut Township, Pickaway County, Ohio as of December 31, 2000 and December 31, 1999, 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 March 16, 2001 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 of Trustees 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.

JIM PETRO
Auditor of State

March 16, 2001

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**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, 2000**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$69,254	\$282,370	\$0	\$351,624
Intergovernmental	57,611	93,151	150,016	300,778
Licenses, Permits, and Fees	0	12,015	0	12,015
Earnings on Investments	7,134	868	0	8,002
Other Revenue	5,511	17,271	0	22,782
	<u>139,510</u>	<u>405,675</u>	<u>150,016</u>	<u>695,201</u>
Cash Disbursements:				
Current:				
General Government	98,825	5,032	0	103,857
Public Safety	0	167,973	0	167,973
Public Works	50,000	214,798	0	264,798
Health	9,521	43,967	0	53,488
Capital Outlay	0	0	150,016	150,016
	<u>158,346</u>	<u>431,770</u>	<u>150,016</u>	<u>740,132</u>
Total Receipts Over/(Under) Disbursements	<u>(18,836)</u>	<u>(26,095)</u>	<u>0</u>	<u>(44,931)</u>
Other Financing Receipts/(Disbursements):				
Sale of Fixed Assets	<u>246</u>	<u>0</u>	<u>0</u>	<u>246</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(18,590)	(26,095)	0	(44,685)
Fund Cash Balances, January 1	<u>146,079</u>	<u>116,870</u>	<u>0</u>	<u>262,949</u>
Fund Cash Balances, December 31	<u>\$127,489</u>	<u>\$90,775</u>	<u>\$0</u>	<u>\$218,264</u>

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

**WALNUT TOWNSHIP
PICKAWAY COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2000**

	Fiduciary Fund Type
	Nonexpendable Trust
Operating Cash Receipts:	
Donations	\$500
Interest	1,989
Total Operating Cash Receipts	2,489
Operating Cash Disbursements:	
Supplies and Materials	1,552
Total Operating Cash Disbursements	1,552
Operating Income/(Loss)	937
Fund Cash Balances, January 1	56,116
Fund Cash Balances, December 31	\$57,053

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

**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, 1999**

	<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	\$59,382	\$275,490	\$0	\$334,872
Intergovernmental	57,452	93,307	20,934	171,693
Licenses, Permits, and Fees	0	15,196	0	15,196
Earnings on Investments	6,381	1,002	0	7,383
Other Revenue	5,064	16,546	0	21,610
	<u>128,279</u>	<u>401,541</u>	<u>20,934</u>	<u>550,754</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	99,048	2,720	0	101,768
Public Safety	0	178,796	0	178,796
Public Works	0	164,703	0	164,703
Health	17,885	45,577	0	63,462
Capital Outlay			20,934	20,934
	<u>116,933</u>	<u>391,796</u>	<u>20,934</u>	<u>529,663</u>
Total Cash Disbursements				
Total Receipts Over/(Under) Disbursements	<u>11,346</u>	<u>9,745</u>	<u>0</u>	<u>21,091</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	11,346	9,745	0	21,091
Fund Cash Balances, January 1	<u>134,733</u>	<u>107,125</u>	<u>0</u>	<u>241,858</u>
Fund Cash Balances, December 31	<u>\$146,079</u>	<u>\$116,870</u>	<u>\$0</u>	<u>\$262,949</u>

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

**WALNUT TOWNSHIP
PICKAWAY COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 1999**

	Fiduciary Fund Type
	Nonexpendable Trust
Operating Cash Receipts:	
Donations	\$500
Interest	1,820
Total Operating Cash Receipts	2,320
Operating Cash Disbursements:	
Supplies and Materials	4,127
Total Operating Cash Disbursements	4,127
Operating Income/(Loss)	(1,807)
Fund Cash Balances, January 1	57,923
Fund Cash Balances, December 31	\$56,116

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

**WALNUT TOWNSHIP
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

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 general governmental services, including road and bridge maintenance and cemetery maintenance. The Township contracts with the Harrison 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:

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.

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 property tax money for constructing, maintaining and repairing Township roads and bridges.

**WALNUT TOWNSHIP
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

Special Revenue Funds (Continued)

Gasoline Tax Fund - This fund receives gasoline tax money to pay for constructing, maintaining and repairing Township roads.

Fire District Fund - This fund receives local levy money to pay for the fire contracts with Harrison Township.

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 the Bell Station Road Project.

Fiduciary Funds (Trust Funds)

These funds are used to account for resources restricted by legally binding trust agreements and funds for which the Township is acting in an agency capacity. The Township had the following significant fiduciary fund:

Reber Hill Cemetery Non-Expendable Trust Fund - This fund earns interest from a cemetery bequest for the upkeep of the cemetery. The principal balance of the trust is non-expendable.

E. 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 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. Appropriations lapse at year end.

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.

**WALNUT TOWNSHIP
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made.

Encumbrances outstanding at year end are carried forward and need not be re-appropriated in the subsequent year.

A summary of 2000 and 1999 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 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>2000</u>	<u>1999</u>
Demand deposits	\$211,726	\$255,474
Certificates of deposit	63,591	63,591
Total deposits	\$275,317	\$319,065

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the Township.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2000 and December 31, 1999 follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$90,450	\$139,756	\$49,306
Special Revenue	473,079	405,675	(67,404)
Capital Projects	178,574	150,016	(28,558)
Fiduciary	19,054	2,489	(16,565)
Total	\$761,157	\$697,936	(\$63,221)

**WALNUT TOWNSHIP
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$235,528	\$158,346	\$77,182
Special Revenue	589,949	431,770	158,179
Capital Projects	150,016	150,016	0
Fiduciary	17,524	1,552	15,972
Total	<u>\$993,017</u>	<u>\$741,684</u>	<u>\$251,333</u>

1999 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$103,656	\$128,279	\$24,623
Special Revenue	462,834	401,541	(61,293)
Capital Projects	198,574	20,934	(177,640)
Fiduciary	18,499	2,320	(16,179)
Total	<u>\$783,563</u>	<u>\$553,074</u>	<u>(\$230,489)</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$157,400	\$116,993	\$40,407
Special Revenue	492,640	391,796	100,844
Capital Projects	0	20,934	(20,934)
Fiduciary	18,499	4,127	14,372
Total	<u>\$668,539</u>	<u>\$533,850</u>	<u>\$134,689</u>

The Township did not properly certify the availability of funding to pay obligations, via the purchase order.

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.

**WALNUT TOWNSHIP
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

4. PROPERTY TAX (Continued)

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. 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 postretirement 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 2000 and 1999, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 1999 and 10.84% for 2000. The Township has paid all contributions required through December 31, 2000.

6. 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 for full-time employees through a private carrier.

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

Walnut Township
Pickaway County
16457 Ett Noecker Road
Ashville, Ohio 43103

To the Board of Trustees:

We have audited the accompanying financial statements of Walnut Township, Pickaway County, Ohio (the Township), as of and for the years ended December 31, 2000 and December 31, 1999, and have issued our report thereon dated March 16, 2001. 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2000-40665-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated March 16, 2001.

Internal Control Over Financial Reporting

In planning and performing our audits, 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 March 16, 2001.

Walnut Township
Pickaway County
Report on Compliance and Internal Control Required
By *Government Auditing Standards*
Page 2

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.

JIM PETRO
Auditor of State

March 16, 2001

**WALNUT TOWNSHIP
PICKAWAY COUNTY**

FOR YEARS ENDED DECEMBER 31, 2000 AND 1999

SCHEDULE OF FINDINGS

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

Finding Number

2000-40665-001

Ohio Rev. Code Section 5705.41(D) states that no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer 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. This section also provides two exceptions to the above requirements:

- A. Then and Now Certificate - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the District may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.
- B. If the amount involved is less than one thousand dollars, the fiscal officer may authorize it to be paid without the affirmation of the legislative authority.

The Township did not certify any of the expenditure tested in 1999 or 2000 before a purchase commitment was made. The Township did not use a "super blanket" purchase order, or employ the aforementioned exceptions allowable under this section.

We recommend the Township comply with Ohio Rev. Code Section 5705.41(D). In those cases when prior certification does not occur the Township should employ the exceptions allowable.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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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
MAY 15, 2001**