



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

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**STATE OF OHIO**



**WALNUT TOWNSHIP  
FAIRFIELD COUNTY**

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STATE OF OHIO  
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## REPORT OF INDEPENDENT ACCOUNTANTS

Walnut Township  
Fairfield County  
11420 Millersport Road, SE  
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, 2001 and December 31, 2000. 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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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, 2001 and December 31, 2000, 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 May 7, 2002 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 the audit committee, 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", written in a cursive style.

**JIM PETRO**  
Auditor of State

May 7, 2002

**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, 2001**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$ 48,384	\$ 494,734	\$ -	\$ 543,118
Intergovernmental	208,684	149,033	217,472	575,189
Licenses, Permits, and Fees	-	25,395	-	25,395
Earnings on Investments	69,068	10,090	-	79,158
Other Receipts	7,620	20,274	-	27,894
	<u>333,756</u>	<u>699,526</u>	<u>217,472</u>	<u>1,250,754</u>
<b>Cash Disbursements:</b>				
Current:				
General Government	175,629	33,115	-	208,744
Public Safety	1,514	325,110	-	326,624
Public Works	4,219	232,666	-	236,885
Conservation - Recreation	3,815	-	-	3,815
Debt Service:				
Redemption of Principal	-	-	60,000	60,000
Interest and Fiscal Charges	-	-	1,217	1,217
Capital Outlay	26,227	78,729	339,697	444,653
	<u>211,404</u>	<u>669,620</u>	<u>400,914</u>	<u>1,281,938</u>
Total Receipts Over/(Under) Disbursements	<u>122,352</u>	<u>29,906</u>	<u>(183,442)</u>	<u>(31,184)</u>
<b>Other Financing Receipts and (Disbursements):</b>				
Proceeds from Sale of Public Debt:				
Sale of Notes	-	60,000	-	60,000
Transfers-In	-	10,000	-	10,000
Transfers-Out	(10,000)	-	-	(10,000)
	<u>(10,000)</u>	<u>70,000</u>	<u>-</u>	<u>60,000</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	112,352	99,906	(183,442)	28,816
Fund Cash Balances, January 1	<u>282,036</u>	<u>323,068</u>	<u>663,246</u>	<u>1,268,350</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$ 394,388</b></u>	<u><b>\$ 422,974</b></u>	<u><b>\$ 479,804</b></u>	<u><b>\$ 1,297,166</b></u>
Reserve for Encumbrances, December 31	<u>\$ 2,516</u>	<u>\$ 21,115</u>	<u>\$ 12,200</u>	<u>\$ 35,831</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, 2000**

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
<b>Cash Receipts:</b>				
Local Taxes	\$ 41,514	\$ 438,756	\$ -	\$ 480,270
Intergovernmental	686,354	142,544	19,060	847,958
Licenses, Permits, and Fees	-	29,100	-	29,100
Earnings on Investments	55,211	10,555	-	65,766
Other Receipts	3,480	7,304	-	10,784
	<u>786,559</u>	<u>628,259</u>	<u>19,060</u>	<u>1,433,878</u>
<b>Cash Disbursements:</b>				
Current:				
General Government	156,896	25,701	-	182,597
Public Safety	8	264,214	-	264,222
Public Works	5,014	271,456	-	276,470
Health	25	-	-	25
Conservation - Recreation	2,353	-	-	2,353
Debt Service:				
Redemption of Principal	-	20,000	-	20,000
Interest and Fiscal Charges	-	1,329	-	1,329
Capital Outlay	24,754	55,746	34,025	114,525
	<u>189,050</u>	<u>638,446</u>	<u>34,025</u>	<u>861,521</u>
Total Receipts Over/(Under) Disbursements	<u>597,509</u>	<u>(10,187)</u>	<u>(14,965)</u>	<u>572,357</u>
<b>Other Financing Receipts and (Disbursements):</b>				
Transfers-In	-	-	610,000	610,000
Transfers-Out	(435,000)	(175,000)	-	(610,000)
	<u>(435,000)</u>	<u>(175,000)</u>	<u>610,000</u>	<u>-</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	162,509	(185,187)	595,035	572,357
Fund Cash Balances, January 1	<u>119,527</u>	<u>508,255</u>	<u>68,211</u>	<u>695,993</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$ 282,036</b></u>	<u><b>\$ 323,068</b></u>	<u><b>\$ 663,246</b></u>	<u><b>\$ 1,268,350</b></u>
Reserve for Encumbrances, December 31	<u>\$ 25,500</u>	<u>\$ 4,000</u>	<u>\$ 279,424</u>	<u>\$ 308,924</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, 2001 AND 2000**

**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 government services, including the regulation of zoning, road and bridge maintenance, and fire protection and emergency medical services. The Township contracts with the Village of Millersport and Pleasant Township to provide fire and ambulance services. The township is in a joint venture with the Village of Thurston to operate the Thurston-Walnut Township Joint Fire Department.

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**

Certificates of deposits are valued at cost.

**D. Fund Accounting**

The Township uses fund accounting to segregate cash 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 property 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, 2001 AND 2000  
(Continued)**

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

**D. Fund Accounting (Continued)**

**2. Special Revenue Funds (Continued)**

Fire Fund Special Levy - This fund receives property 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 funds:

Issue II Fund - The Township received grants from the State of Ohio for road improvements on Lakeshore, Ruffner, Juniper, and Old Millersport roads.

Reserve Capital General Fund – This fund accumulates money via transfers from the general fund for up to five years. The money is to be used to purchase township equipment, park ground, and development of park ground.

**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 re-appropriated.

A summary of 2001 and 2000 budgetary activity appears in Note 3.

**WALNUT TOWNSHIP  
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

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

**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.

**G. 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**

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

	2001	2000
Demand deposits	\$184,810	\$388,013
Certificates of deposit	1,112,356	880,337
Total deposits	1,297,166	1,268,350

**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, 2001 and December 31, 2000 follows:

**2001 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$326,174	\$333,756	\$7,582
Special Revenue	832,593	769,526	(63,067)
Capital Projects	25,000	217,472	192,472
Total	\$1,183,767	\$1,320,754	\$136,987

**2001 Budgeted vs. Actual Budgetary Basis Expenditures**

Fund Type	Budgeted Expenditures	Actual Expenditures	Variance
General	\$440,417	\$223,920	\$216,497
Special Revenue	1,030,068	690,735	339,333
Capital Projects	758,887	413,114	345,773
Total	\$2,229,372	\$1,327,769	\$901,603

**WALNUT TOWNSHIP  
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

<b>2000 Budgeted vs. Actual Receipts</b>			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$775,546	\$786,559	\$11,013
Special Revenue	620,128	628,259	8,131
Capital Projects	846,533	629,060	(217,473)
Total	\$2,242,207	\$2,043,878	(\$198,329)

<b>2000 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
Fund Type	Budgeted Expenditures	Actual Expenditures	Variance
General	\$723,728	\$649,550	\$74,178
Special Revenue	1,133,378	817,446	315,932
Capital Projects	351,296	313,449	37,847
Total	\$2,208,402	\$1,780,445	\$427,957

**4. RESERVE FUNDS**

In accordance with Ohio Rev. Code Section 5705.13 (C), the Township has established three capital reserve funds within the capital project fund type. The purpose and balance of each reserve fund as of December 31, 2001, was as follows:

Reserve Fund	Purpose	Balance
Reserve Capital General	Park equipment and development	\$279,475
Reserve Capital Roads	Road equipment	\$104,200
Reserve Capital Fire	Fire equipment	\$50,000

**5. 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.

**WALNUT TOWNSHIP  
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**6. 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 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 2001 and 2000 PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000 through December 31, 2000. The Township has paid all contributions required through December 31, 2001.

**7. RISK MANAGEMENT**

The Township has obtained commercial insurance for the following risks:

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

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

**8. JOINTLY GOVERNED ORGANIZATION**

Fairfield County Regional Planning Commission- The Township appoints a person to represent the Township on the 56 member board of the Fairfield County Regional Planning Commission. The Township pays a small membership fee annually. The fee is based on the per capita of the Township. There is no ongoing financial interest of responsibility by the Township.

**9. JOINT VENTURE**

Thurston-Walnut Township Joint Fire Department -The Township contributes a portion every year towards the operation of the Thurston-Walnut Township Joint Fire Department. Monies are provided from the fire levies each year as determined by the annual budget prepared by the fire chief of the Thurston-Walnut Township Joint Fire Department. The budget is forwarded to Village of Thurston Council and Walnut Township Trustees for approval. Upon the nonexistence of the Thurston-Walnut Township Joint Fire Department, the assets of the fire department will be divided with 70% to Walnut Township and 30% to Village of Thurston.

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

Walnut Township  
Fairfield County  
11420 Millersport Road, SE  
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, 2001 and December 31, 2000, and have issued our report thereon dated May 7, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**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*.

**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 a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Township in a separate letter dated May 7, 2002.

Walnut Township  
Fairfield County  
Report of Independent Accountants on Compliance and on Internal Control  
Required by *Government Auditing Standards*  
Page 2

This report is intended solely for the information and use of the audit committee, 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", written in a cursive style.

**JIM PETRO**  
Auditor of State

May 7, 2002





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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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  
JUNE 25, 2002**