



**TULLY - CONVOY PARK DISTRICT
VAN WERT COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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REPORT OF INDEPENDENT ACCOUNTANTS

Tully - Convoy Park District
Van Wert County
Post Office Box 1
Convoy, Ohio 45832

To the Board of Commissioners:

We have audited the accompanying financial statements of the Tully - Convoy Park District, Van Wert County, Ohio, (the District) as of and for the years ended December 31, 1999 and 1998. These financial statements are the responsibility of the District'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 District 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 fund cash balance of the District as of December 31, 1999 and 1998, and its 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 April 3, 2000 on our consideration of the District'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, Board of Park Commissioners 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

April 3, 2000

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

	General
Cash Receipts:	
General Property Tax - Real Estate	\$4,504
Tangible Personal Property Tax	210
Intergovernmental	11,542
Investment Income	431
Gifts and Donations	2,171
Fees	5,510
Other Receipts	63
Total Cash Receipts	24,431
Cash Disbursements:	
Supplies	1,427
Materials	13,395
Equipment	211
Contracts - Services	5,981
Other	1,297
Total Cash Disbursements	22,311
Total Receipts Over/(Under) Disbursements	2,120
Fund Cash Balance, January 1	34,747
Fund Cash Balance, December 31	\$36,867

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

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE
GOVERNMENTAL FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 1998**

	General
Cash Receipts:	
General Property Tax - Real Estate	\$4,629
Tangible Personal Property Tax	228
Intergovernmental	11,156
Investment Income	490
Gifts and Donations	2,150
Fees	6,070
Other Receipts	425
Total Cash Receipts	25,148
Cash Disbursements:	
Supplies	773
Materials	9,167
Equipment	2,371
Contracts - Services	7,841
Other	1,252
Total Cash Disbursements	21,404
Total Receipts Over/(Under) Disbursements	3,744
Fund Cash Balance, January 1	31,003
Fund Cash Balance, December 31	\$34,747

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Tully - Convoy Park District, Van Wert County, (the District) 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 District is directed by a three-member Board of Commissioners appointed by the probate judge of Van Wert County. The District acquires lands for conversion into forest reserves and for the conservation of the natural resources, including streams, lakes, submerged lands and swamp lands. The Board may also create parks, parkways, and other reservations and may afforest, develop, improve and protect and promote the use of same as the Board deems conducive to the general welfare.

The District's management believes these financial statements present all activities for which the District 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.

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

C. Cash and Investments

The District does not hold any interest in investments.

D. Fund Accounting

The District uses fund accounting to segregate cash and investments that are restricted as to use. The District 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.

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements) may not exceed appropriations at the fund, object level of control, and appropriations may not exceed estimated resources. The Board must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

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 District to reserve (encumber) appropriations when commitments are made. The District did not use the encumbrance method of accounting.

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 capital outlay disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The District 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	\$36,867	\$34,747

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation

3. BUDGETARY ACTIVITY

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

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$28,070	\$24,431	(\$3,639)
Total	\$28,070	\$24,431	(\$3,639)

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

3. BUDGETARY ACTIVITY (Continued)

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$57,000	\$22,311	\$34,689
Total	<u>\$57,000</u>	<u>\$22,311</u>	<u>\$34,689</u>

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$30,240	\$25,148	(\$5,092)
Total	<u>\$30,240</u>	<u>\$25,148</u>	<u>(\$5,092)</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$57,000	\$21,404	\$35,596
Total	<u>\$57,000</u>	<u>\$21,404</u>	<u>\$35,596</u>

A reportable citation will be issued concerning Ohio Revised Code Section 5705.41 (D), due to the failure of the District to encumber funds.

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Board of Park Commissioners. 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 District.

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 District.

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

5. RISK MANAGEMENT

The District has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Inland Marine

The District is uninsured for the following risks:

- Errors and omissions



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

Tully - Convoy Park District
Van Wert County
Post Office Box 1
Convoy, Ohio 45832

To the Board of Commissioners:

We have audited the accompanying financial statements of the Tully-Convoy Park District, Van Wert County, Ohio (the District), as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated April 3, 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 District'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 one instance of noncompliance that are required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings as item 1999-40281-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Park District in a separate letter dated April 3, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered District'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. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the accompanying schedule of findings as item 1999-40281-002.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness. We also 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 District in a separate letter dated April 3, 2000.

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

Jim Petro
Auditor of State

April 3, 2000

**SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 1999-40281-001 - NONCOMPLIANCE CITATION

Ohio Rev. Code Section 5705.41(D) prohibits a subdivision or taxing unit from making any contract or order involving the disbursement of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such a certificate shall be null and void and no warrant shall be issued in payment of any amount due thereon.

This Section also provides an "exception" to the above requirements:

If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was appropriated and free from any previous encumbrance, the Board may authorize the issuance of a warrant in payment of amount due upon such contract within thirty (30) days from the receipt of such a certificate, if such disbursement is otherwise valid: and if the amount involved is less than one thousand dollars (\$1,000), the fiscal officer may authorize it to be paid with such certification, but without affirmation of the Board.

The Park District did not use the required certification or encumbrance procedures for any disbursement of funds.

The Park District should review section 5705.41(D) and implement procedures for certification of funds.

FINDING NUMBER 1999-40281-002 - REPORTABLE CONDITION

Rental Contracts

The District currently does not utilize written contracts, but rather a verbal contract is made for building rental. At the time of the verbal contract, the date the renter is renting the building is placed on the Treasurer's calendar and the date that it is booked is marked as well. The rates are discussed with the renter at the time the date is set.

In order to clarify all conditions of the building rental, the District should implement written contracts setting forth the fees, refunds, responsibilities and liabilities of the renter and the District.

SCHEDULE OF PRIOR AUDIT FINDINGS
 DECEMBER 31, 1999 AND 1998

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
1997-40281-001	ORC 5705.41 (D)	No	Not Corrected



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TULLY-CONVOY PARK DISTRICT

VAN WERT 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 4, 2000**