



**TULLY TOWNSHIP  
VAN WERT COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2000-1999**



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

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**STATE OF OHIO**



**TULLY TOWNSHIP  
VAN WERT COUNTY**

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## REPORT OF INDEPENDENT ACCOUNTANTS

Tully Township  
Van Wert County  
P. O. Box 254  
Convoy, OH 45832

To the Board of Trustees:

We have audited the accompanying financial statements of Tully Township, Van Wert 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 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 the Township 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 9, 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, and contracts. 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.

Tully Township  
Van Wert County  
Report of Independent Accountants  
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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.

**Jim Petro**  
Auditor of State

March 9, 2001

**TULLY TOWNSHIP  
VAN WERT 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>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$21,659	\$43,943		\$65,602
Intergovernmental	30,945	79,209		110,154
Licenses, Permits, and Fees	390	2,785		3,175
Earnings on Investments	952	676		1,628
Other Revenue	655	2,950		3,605
	<u>54,601</u>	<u>129,563</u>	<u>0</u>	<u>184,164</u>
<b>Total Cash Receipts</b>				
	<u>54,601</u>	<u>129,563</u>	<u>0</u>	<u>184,164</u>
<b>Cash Disbursements:</b>				
Current:				
General Government	47,444	1,107		48,551
Public Safety		15,000		15,000
Public Works	1,626	94,799		96,425
Health	8,583	5,935		14,518
Capital Outlay	61,093	20,000		81,093
	<u>118,746</u>	<u>136,841</u>	<u>0</u>	<u>255,587</u>
<b>Total Cash Disbursements</b>				
	<u>118,746</u>	<u>136,841</u>	<u>0</u>	<u>255,587</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>(64,145)</u>	<u>(7,278)</u>	<u>0</u>	<u>(71,423)</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Sale of Fixed Assets	17,470			17,470
Advances-In	1,000	1,000		2,000
Advances-Out	(1,000)	(1,000)		(2,000)
	<u>17,470</u>	<u>0</u>	<u>0</u>	<u>17,470</u>
<b>Total Other Financing Receipts/(Disbursements)</b>				
	<u>17,470</u>	<u>0</u>	<u>0</u>	<u>17,470</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>(46,675)</u>	<u>(7,278)</u>	<u>0</u>	<u>(53,953)</u>
<b>Fund Cash Balances, January 1</b>	<u>60,150</u>	<u>48,505</u>	<u>\$500</u>	<u>109,155</u>
<b>Fund Cash Balances, December 31</b>	<u>\$13,475</u>	<u>\$41,227</u>	<u>\$500</u>	<u>\$55,202</u>
<b>Reserve for Encumbrances, December 31</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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

**TULLY TOWNSHIP  
VAN WERT COUNTY**

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

	<u>Fiduciary Fund Type</u>
	<u>Nonexpendable Trust</u>
<b>Operating Cash Receipts:</b>	
Interest	\$194
<b>Operating cash disbursements</b>	<u>0</u>
Operating Income/(Loss)	194
Fund Cash Balance, January 1	<u>3,856</u>
<b>Fund Cash Balance, December 31</b>	<u><u>\$4,050</u></u>

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



**TULLY TOWNSHIP  
VAN WERT 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>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$20,680	\$37,403		\$58,083
Intergovernmental	84,120	79,025		163,145
Licenses, Permits, and Fees	285	5,170		5,455
Earnings on Investments	1,773	846		2,619
Other Revenue		3,200		3,200
Total Cash Receipts	<u>106,858</u>	<u>125,644</u>	<u>0</u>	<u>232,502</u>
<b>Cash Disbursements:</b>				
Current:				
General Government	54,363			54,363
Public Safety		14,000		14,000
Public Works	32,275	104,334		136,609
Health	8,818	8,485		17,303
Capital Outlay	8,840	8,550		17,390
Total Cash Disbursements	<u>104,296</u>	<u>135,369</u>	<u>0</u>	<u>239,665</u>
Total Receipts Over/(Under) Disbursements	2,562	(9,725)	0	(7,163)
<b>Other Financing Receipts:</b>				
Other Sources	625			625
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	3,187	(9,725)	0	(6,538)
Fund Cash Balances, January 1	<u>56,963</u>	<u>58,230</u>	<u>500</u>	<u>115,693</u>
<b>Fund Cash Balances, December 31</b>	<u>\$60,150</u>	<u>\$48,505</u>	<u>\$500</u>	<u>\$109,155</u>
Reserve for Encumbrances, December 31	<u>\$79</u>	<u>\$0</u>	<u>\$0</u>	<u>\$79</u>

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

**TULLY TOWNSHIP  
VAN WERT COUNTY**

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

	<b>Fiduciary Fund Type</b>
	<b>Nonexpendable Trust</b>
<b>Operating Cash Receipts:</b>	
Interest	\$170
<b>Operating cash disbursements</b>	0
Operating Income/(Loss)	170
Fund Cash Balance, January 1	3,686
<b>Fund Cash Balance, December 31</b>	<b>\$3,856</b>

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

**TULLY TOWNSHIP  
VAN WERT COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Tully Township, Van Wert 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 road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Village of Convoy to provide fire services and to provide 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**

The Township does not hold any interest in investments.

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

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

**Motor Vehicle License Tax Fund** - This fund receives motor vehicle license tax money to pay for constructing, maintaining, and repairing Township roads.

**TULLY TOWNSHIP  
VAN WERT COUNTY**

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

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

**3. Capital Project Fund**

This fund is 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).

**4. Fiduciary Fund (Trust Fund)**

This fund is used to account for resources restricted by legally binding trust agreements. The Township had the following fiduciary fund:

**Cemetery Bequest Fund** - A non-expendable trust fund. Principal amounts donated are maintained in perpetuity. Investment earnings are used for grave upkeep as specified by the donor.

**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 or 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 December 31, 1999 are carried over, and need not be reappropriated. Encumbrances outstanding at year end December 31, 2000 are canceled, and reappropriated in the subsequent year. The Township did not encumber all commitments required by Ohio law.

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.

**TULLY TOWNSHIP  
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(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>2000</u>	<u>1999</u>
Demand deposits	59,252	113,011
Total deposits and investments	<u>\$59,252</u>	<u>\$113,011</u>

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

**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	\$74,332	\$73,071	(\$1,261)
Special Revenue	135,594	130,563	(5,031)
Capital Projects	0	0	0
Fiduciary	0	194	194
Total	<u>\$209,926</u>	<u>\$203,828</u>	<u>(\$6,098)</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$133,448	\$119,746	\$13,702
Special Revenue	187,132	137,841	49,291
Capital Projects	500	0	500
Fiduciary	0	0	0
Total	<u>\$321,080</u>	<u>\$257,587</u>	<u>\$63,493</u>

**TULLY TOWNSHIP  
VAN WERT COUNTY**

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

**3. BUDGETARY ACTIVITY (Continued)**

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$109,590	\$107,483	(\$2,107)
Special Revenue	130,270	125,644	(4,626)
Capital Projects	0	0	0
Fiduciary	0	170	170
Total	\$239,860	\$233,297	(\$6,563)

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$165,536	\$104,375	\$61,161
Special Revenue	189,518	135,369	54,149
Capital Projects	500	0	500
Fiduciary	0	0	0
Total	\$355,554	\$239,744	\$115,810

**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. RETIREMENT SYSTEMS**

The Township's elected officials and employee 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.

**TULLY TOWNSHIP  
VAN WERT COUNTY**

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

**5. RETIREMENT SYSTEMS (Continued)**

Contribution rates are also prescribed by the Ohio Revised Code. For 2000 and 1999, members of PERS contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for January 1999 through June 2000 and an amount equal to 8.13% of participants' gross salaries for July through December 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 legal liability
- Vehicles
- Wrongful acts

The Township is a member of a pooled insurance group that provides coverage for real property, building contents and vehicles under the terms and conditions required by the pool. Risk sharing certificates are provided in the form of intergovernmental contracts between the Township and the Ohio Township Association Risk Management Authority (OTARMA). OTARMA administers the pool and upon execution of the contract, the Township pays the annual membership contribution fee. Real property and contents were inspected by OTARMA and are covered for the amount of the repair or replacement within the limits outlined on the statement of value provided as part of the risk sharing certificate.

The Township also provides health insurance, cancer and intensive care insurance, disability insurance, life insurance, medicare insurance, and dental coverage to the elected officials and employee through private carriers.

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

Tully Township  
Van Wert County  
P. O. Box 254  
Convoy, OH 45832

To the Board of Trustees:

We have audited the accompanying financial statements of Tully Township, Van Wert County, (the Township), as of and for the years ended December 31, 2000 and December 31, 1999, and have issued our report thereon dated March 9, 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, and contracts, 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 2000-40281-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated March 9, 2001.

**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 management of the Township in a separate letter dated March 9, 2001.

Tully Township  
Van Wert County  
Report of Independent Accountants on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
Page 2

This report is intended 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.

**Jim Petro**  
Auditor of State

March 9, 2001

**TULLY TOWNSHIP  
VAN WERT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2000 AND 1999**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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<b>Finding Number 2000-40281-001</b>	
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**Noncompliance Citation**

Ohio Rev. Code Section 5705.41(D) states that no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment 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 encumbrance. Further, contracts and orders for expenditures lacking prior certificate should be considered null and void. If no certificate is issued at the time the contract or order is entered into, the fiscal officer may later certify that there were funds properly appropriated and in the treasury or in the process of collection and such funds are free from previous encumbrance both at the time the contract or order was entered into and at the time of payment. After certifying this, the fiscal officer may proceed to pay for such order or contract. If the amount involved is over \$1,000, the taxing authority must approve of such payment within 30 days of the date of the fiscal officer's certification.

Seventy-four out of five hundred transactions were not properly certified during the audit period. The seventy-four transactions were in the amount of \$250,572 or 50% of total expenditures.

The Township should review the certification requirement and exceptions provided by statute. The Township should obtain the required certification prior to obligating Township funds when practicable. The exceptions should be used when prior certification is not practicable. The Ohio Compliance Supplement may serve as a useful reference when reviewing the requirements of Ohio Rev. Code 5705.41(D).





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**TULLY TOWNSHIP**

**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 1, 2001**