



**ZANE TOWNSHIP
LOGAN COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**ZANE TOWNSHIP
LOGAN COUNTY**

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

One First National Plaza
130 West Second Street
Suite 2040
Dayton, Ohio 45402
Telephone 937-285-6677
800-443-9274
Facsimile 937-285-6688
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

Zane Township
Logan County
PO Box J
Middleburg, Ohio 43336

To the Board of Trustees:

We have audited the accompanying financial statements of Zane Township, Logan County, (the Township) as of and for the years ended December 31, 2000 and 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 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 19, 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 when considering the results of our audit.

This report is intended solely for the information and use of the audit committee, 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 19, 2001

**ZANE TOWNSHIP
LOGAN 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	\$47,139	\$93,695		\$140,834
Intergovernmental	21,839	61,051		82,890
Charges for Services	6,900			6,900
Licenses, Permits, and Fees	3,529	1,850		5,379
Earnings on Investments	16,704	737		17,441
Other Revenue	5,547	2,258		7,805
	<u>101,658</u>	<u>159,591</u>		<u>261,249</u>
Total Cash Receipts				
	<u>101,658</u>	<u>159,591</u>		<u>261,249</u>
Cash Disbursements:				
Current:				
General Government	46,660			46,660
Public Safety		31,111		31,111
Public Works	1,634	48,740		50,374
Health		19,486		19,486
Conservation - Recreation	4,071			4,071
Capital Outlay	1,514	2,500		4,014
	<u>53,879</u>	<u>101,837</u>		<u>155,716</u>
Total Cash Disbursements				
	<u>53,879</u>	<u>101,837</u>		<u>155,716</u>
Total Receipts Over/(Under) Disbursements	<u>47,779</u>	<u>57,754</u>		<u>105,533</u>
Other Financing Receipts/(Disbursements):				
Advances-In	28,869			28,869
Advances-Out			(28,869)	(28,869)
	<u>28,869</u>		<u>(28,869)</u>	
Total Other Financing Receipts/(Disbursements)				
	<u>28,869</u>		<u>(28,869)</u>	
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	76,648	57,754	(28,869)	105,533
Fund Cash Balances, January 1	129,066	286,982	28,869	444,917
	<u>\$205,714</u>	<u>\$344,736</u>	<u>\$0</u>	<u>\$550,450</u>
Fund Cash Balances, December 31				
	<u>\$0</u>	<u>\$4,049</u>	<u>\$0</u>	<u>\$4,049</u>

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

ZANE TOWNSHIP
LOGAN COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE
NON EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2000

Operating Cash Receipts:	
Interest	<u>\$958</u>
Operating Cash Disbursements:	
Supplies and Materials	<u>165</u>
Operating Income	793
Fund Cash Balance, January 1	<u>13,252</u>
Fund Cash Balance, December 31	<u><u>\$14,045</u></u>

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

**ZANE TOWNSHIP
LOGAN 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>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$45,278	\$90,166		\$135,444
Intergovernmental	20,889	61,599	\$10,778	93,266
Charges for Services	12,900			12,900
Licenses, Permits, and Fees	10,605	2,240		12,845
Fines, Forfeitures, and Penalties	36			36
Earnings on Investments	13,347	782		14,129
Other Revenue	4,959	1,958		6,917
	<u>108,014</u>	<u>156,745</u>	<u>10,778</u>	<u>275,537</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	43,341			43,341
Public Safety		60,138		60,138
Public Works	1,626	59,481		61,107
Health		21,530		21,530
Conservation - Recreation	693			693
Capital Outlay	24,495			24,495
	<u>70,155</u>	<u>141,149</u>		<u>211,304</u>
Total Cash Disbursements				
Total Receipts Over/(Under) Disbursements	37,859	15,596	10,778	64,233
Fund Cash Balances, January 1	<u>91,207</u>	<u>271,386</u>	<u>18,091</u>	<u>380,684</u>
Fund Cash Balances, December 31	<u><u>\$129,066</u></u>	<u><u>\$286,982</u></u>	<u><u>\$28,869</u></u>	<u><u>\$444,917</u></u>

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

ZANE TOWNSHIP
LOGAN COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE
NON EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 1999

Operating Cash Receipts:	
Interest	<u>\$645</u>
Operating Cash Disbursements:	
Supplies and Materials	<u>100</u>
Operating Income	545
Fund Cash Balance, January 1	<u>12,707</u>
Fund Cash Balance, December 31	<u><u>\$13,252</u></u>

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

**ZANE TOWNSHIP
LOGAN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Zane Township, Logan 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 Allen Township to provide fire protection and emergency medical 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 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.

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 Fund:

Fire Emergency Fund - This fund receives tax money to pay for fire and emergency services for the Township residents.

**ZANE TOWNSHIP
LOGAN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 fund:

Permanent Improvement Fund - This fund is used to account for money received and expended for capital improvements.

4. Fiduciary Funds (Trust Funds)

These funds are used to account for resources restricted by legally binding trust agreements. The Township had the following significant fiduciary fund:

Non Expendable Trust Fund - This fund receives contributions for the maintenance of graves in the cemetery.

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 are carried over, and need not be reappropriated. 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.

**ZANE TOWNSHIP
LOGAN COUNTY**

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

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:

	2000	1999
Demand deposits	\$376,568	\$294,193
Certificates of deposit	187,927	163,976
Total deposits	\$564,495	\$458,169

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, 2000 and 1999 follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$102,720	\$101,658	(\$1,062)
Special Revenue	156,735	159,591	2,856
Fiduciary	646	958	312
Total	\$260,101	\$262,207	\$2,106

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$226,493	\$53,879	\$172,614
Special Revenue	437,446	105,886	331,560
Capital Projects	28,869	0	28,869
Fiduciary	13,897	165	13,732
Total	\$706,705	\$159,930	\$546,775

**ZANE TOWNSHIP
LOGAN 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	\$105,450	\$108,014	\$2,564
Special Revenue	146,855	156,745	9,890
Capital Projects	15,051	10,778	(4,273)
Fiduciary	595	645	50
Total	<u>\$267,951</u>	<u>\$276,182</u>	<u>\$8,231</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$196,657	\$70,155	\$126,502
Special Revenue	411,970	141,149	270,821
Capital Projects	33,142	0	33,142
Fiduciary	13,301	100	13,201
Total	<u>\$655,070</u>	<u>\$211,404</u>	<u>\$443,666</u>

The Township did not prior certify all expenditures which violates Ohio Revised Code Section 5705.41(D).

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.

**ZANE TOWNSHIP
LOGAN COUNTY**

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

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, members of PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries during the period January 1, 1999 through June 30, 2000. During the period of July 2000 through December 31, 2000 there was a temporary reduction which reduced the employer rate to 8.13%. 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

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OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

One First National Plaza
130 West Second Street
Suite 2040
Dayton, Ohio 45402
Telephone 937-285-6677
800-443-9274
Facsimile 937-285-6688
www.auditor.state.oh.us

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

Zane Township
Logan County
PO Box J
Middleburg, Ohio 43336

To the Board of Trustees:

We have audited the financial statements of Zane Township, Logan County, (the Township), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated February 19, 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 2000-40346-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated March 19, 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 did note 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 March 19, 2001.

Zane Township
Logan 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 19, 2001

ZANE TOWNSHIP
LOGAN COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999

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

FINDING NUMBER

2000-40346-001

Noncompliance Citation

Ohio Rev. Code Section 5705.41 (D) states that no order or contract involving the expenditure of money is 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.

The following exceptions to this basic requirement are provided by statute:

Then and Now Certificate: This exception provides that, if the fiscal officer can certify that both at the time that the contract or order was made and at the time that he is completing his certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.

Amounts of less than \$1,000 for townships may be paid by the fiscal officer without such affirmation of the taxing authority upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

Thirty-seven percent of the transactions tested were not certified by the Clerk prior to making orders for the expenditures of Township funds. In addition, neither of the two exceptions above were utilized for these transactions. Procedures should be implemented not only to assure compliance with this requirement, but to help prevent the unauthorized obligation of Township funds.

ZANE TOWNSHIP
LOGAN COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2000 AND 1999

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	<u>Not Corrected; Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid: Explain:</u>
1998-40346-001	Prior Certification of Expenditures	No	Not corrected. Repeated in this report



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

ZANE TOWNSHIP

LOGAN 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
APRIL 17, 2001**