



**Auditor of State  
Betty Montgomery**



**ZANE TOWNSHIP  
LOGAN COUNTY**

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Zane Township  
Logan County  
10121 County Road 44  
East Liberty, Ohio 43319

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, 2002 and 2001. 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 the Township as of December 31, 2002 and 2001, 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 April 9, 2003 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.

Zane Township  
Logan County  
Independent Accountants' Report  
Page 2

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 Section 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

April 9, 2003

**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, 2002**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Project</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$47,614	\$38,670		\$86,284
Intergovernmental	32,393	57,840	41,214	131,447
Charges for Services	3,600			3,600
Licenses, Permits, and Fees	2,679	1,200		3,879
Earnings on Investments	14,958	349		15,307
Other Revenue	961	2,236		3,197
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	102,205	100,295	41,214	243,714
<b>Cash Disbursements:</b>				
Current:				
General Government	64,100			64,100
Public Safety		59,000		59,000
Public Works	1,579	43,310		44,889
Health		20,433		20,433
Conservation - Recreation	1,215			1,215
Capital Outlay	10,335	16,600	41,214	68,149
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	77,229	139,343	41,214	257,786
Total Receipts Over/(Under) Disbursements	24,976	(39,048)		(14,072)
Fund Cash Balances, January 1	240,525	359,155		599,680
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31</b>	<u>\$265,501</u>	<u>\$320,107</u>	<u>\$0</u>	<u>\$585,608</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, 2002

<b>Operating Cash Receipts:</b>	
Interest	\$427
<b>Operating Cash Disbursement:</b>	
Supplies and Materials	<u>125</u>
Operating Income	302
Fund Cash Balance, January 1	<u>14,627</u>
<b>Fund Cash Balance, December 31</b>	<u><u>\$14,929</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, 2001**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Local Taxes	\$39,459	\$33,167	\$72,626
Intergovernmental	50,996	57,077	108,073
Charges for Services	4,500		4,500
Licenses, Permits, and Fees	4,878	1,400	6,278
Earnings on Investments	21,797	429	22,226
Other Revenue	1,750	1,458	3,208
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	123,380	93,531	216,911
<b>Cash Disbursements:</b>			
Current:			
General Government	61,810		61,810
Public Safety		59,000	59,000
Public Works	1,710	19,506	21,216
Health		20,287	20,287
Conservation - Recreation	1,023		1,023
Capital Outlay	296	4,049	4,345
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	64,839	102,842	167,681
Total Receipts Over/(Under) Disbursements	58,541	(9,311)	49,230
<b>Other Financing Receipts/(Disbursements)</b>			
Transfers In		30,000	30,000
Transfers Out	(30,000)		(30,000)
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	(30,000)	30,000	
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	28,541	20,689	49,230
Fund Cash Balances, January 1	211,984	338,466	550,450
	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31</b>	<u>\$240,525</u>	<u>\$359,155</u>	<u>\$599,680</u>
Reserve for Encumbrances, December 31	<u>\$0</u>	<u>\$15,400</u>	<u>\$15,400</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, 2001

<b>Operating Cash Receipts:</b>	
Interest	\$702
<b>Operating Cash Disbursement:</b>	
Supplies and Materials	<u>120</u>
Operating Income	582
Fund Cash Balance, January 1	<u>14,045</u>
<b>Fund Cash Balance, December 31</b>	<u><u>\$14,627</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, 2002 AND 2001**

**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 protections and emergency medical 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.

**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:

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

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

**ZANE TOWNSHIP  
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

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

**3. Capital Project Funds**

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Township had the following significant capital project fund:

**Public Works Projects Fund** – This fund is used to account for Issue II grants and Logan County sales tax money used for road improvements in the Township. The activity in this fund is “memo” only since the Township did not constructively receive and expend this money.

**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 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 2002 and 2001 budgetary activity appears in Note 3.

**ZANE TOWNSHIP  
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(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.

**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:

	2002	2001
Demand deposits	\$322,980	\$269,951
Certificates of deposit	277,557	344,356
Total deposits	\$600,537	\$614,307

**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, 2002 and 2001 follows:

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$100,500	\$102,205	\$1,705
Special Revenue	91,410	100,295	8,885
Capital Project	41,214	41,214	
Fiduciary	700	427	(273)
Total	\$233,824	\$244,141	\$10,317

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$308,368	\$77,229	\$231,139
Special Revenue	450,665	139,343	311,322
Capital Project	41,214	41,214	
Fiduciary	15,327	125	15,202
Total	\$815,574	\$257,911	\$557,663

**ZANE TOWNSHIP  
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$99,400	\$123,380	\$23,980
Special Revenue	159,500	123,531	(35,969)
Fiduciary	1,000	702	(298)
Total	\$259,900	\$247,613	(\$12,287)

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$287,567	\$94,839	\$192,728
Special Revenue	497,966	118,242	379,724
Fiduciary	15,044	120	14,924
Total	\$800,577	\$213,201	\$587,376

**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.

Public utilities are also taxed on personal and real property located within the Township.

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 officials and 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.

**ZANE TOWNSHIP  
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**5. RETIREMENT SYSTEMS (Continued)**

Contribution rates are also prescribed by the Ohio Revised Code. For 2002 and 2001, members of PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2001. The Township has paid all contributions required through December 31, 2002.

**6. RISK MANAGEMENT**

**Commercial Insurance**

The Township has obtained commercial insurance for the following risks:

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

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**Auditor of State  
Betty Montgomery**

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

Zane Township  
Logan County  
10121 County Road 44  
West Liberty, Ohio 43319

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, 2002 and 2001, and have issued our report thereon dated April 9, 2003. 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 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 2002-40346-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated April 9, 2003.

**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 April 9, 2003.

Zane Township  
Logan County  
Independent Accountants' Report 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

April 9, 2003

ZANE TOWNSHIP  
LOGAN COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2002 AND 2001

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

FINDING NUMBER 2002-40346-001

**Ohio Rev. Code Section 5705.41 (D)** states that no order 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.

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 she 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 less than \$1,000 for Townships may be paid by the fiscal officer without such certificate 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. Effective April 7, 2003, amounts less than \$3,000 for Townships may be paid by the fiscal officer without such certificate of the taxing authority upon completion of the "then and now" certificate.

Eight percent of Township's expenditures were not certified by the Treasurer prior to making orders for the expenditure of the Township funds. In addition, neither of the two exceptions above were utilized for these transactions. Procedures should be implemented not only to help ensure compliance with this requirement, but to help prevent the unauthorized obligation of Township funds.

ZANE TOWNSHIP  
LOGAN COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
FISCAL YEAR END

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b>Explain:</b>
2000-40346-001	Prior Certification of Expenditures	No	Repeated as finding 2002-40346-001.



**Auditor of State  
Betty Montgomery**

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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  
MAY 22, 2003**