



**CASS TOWNSHIP  
MUSKINGUM COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 1998&1997**



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

---

**STATE OF OHIO**



## TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Accountants .....	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types For the Year Ended December 31, 1998 .....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types For the Year Ended December 31, 1997 .....	5
Notes to the Financial Statements .....	7
Report of Independent Accountants on Compliance and on Internal Control Required by Government Auditing Standards .....	13

**This Page Intentionally Left Blank**



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

743 East State Street  
Athens Mall, Suite B  
Athens, Ohio 45701

Telephone 740-594-3300  
800-441-1389

Facsimile 740-594-2110

## REPORT OF INDEPENDENT ACCOUNTANTS

Cass Township  
Muskingum County  
12335 Main Street  
Trinway, Ohio 43842

To the Board of Trustees:

We have audited the accompanying financial statements of Cass Township, Muskingum County, Ohio, (the Township), as of and for the years ended December 31, 1998 and December 31, 1997. 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 of Cass Township, Muskingum County, as of December 31, 1998 and December 31, 1997, and its combined cash receipts and cash 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 January 19, 2000, 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.

This report is intended solely for the information and use of management, the Township 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, appearing to read "Jim Petro".

**JIM PETRO**  
Auditor of State

January 19, 2000



**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES -  
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>			<u>Total</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Memorandum Only)</u>
<b>Cash Receipts:</b>				
Local Taxes	\$ 61,992	\$ 67,070	\$9,950	\$139,012
Intergovernmental Receipts	25,348	65,572	0	90,920
Interest on Investments	1,130	1,202	0	2,332
All Other Receipts	<u>7,080</u>	<u>27</u>	<u>0</u>	<u>7,107</u>
Total Cash Receipts	<u>95,550</u>	<u>133,871</u>	<u>9,950</u>	<u>239,371</u>
<b>Cash Disbursements:</b>				
General Government	39,307	0	0	39,307
Public Safety	0	13,500	0	13,500
Public Works	28,455	104,193	0	132,648
Health	3,075	0	0	3,075
Capital Outlay	5,800	0	0	5,800
Bond Principal Retirement	0	0	7,000	7,000
Interest and Fiscal Charges	<u>0</u>	<u>0</u>	<u>2,940</u>	<u>2,940</u>
Total Cash Disbursements	<u>76,637</u>	<u>117,693</u>	<u>9,940</u>	<u>204,270</u>
Excess of Cash Receipts Over/(Under) Cash Disbursements	18,913	16,178	10	35,101
Fund Cash Balances, January 1	<u>40,067</u>	<u>95,723</u>	<u>8</u>	<u>135,798</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$58,980</u></b>	<b><u>\$ 111,901</u></b>	<b><u>\$18</u></b>	<b><u>\$170,899</u></b>

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

**This Page Intentionally Left Blank**



**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN  
FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES -  
FOR THE YEAR ENDED DECEMBER 31, 1997**

	<u>Governmental Fund Types</u>			<u>Total</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>(Memorandum Only)</u>
<b>Cash Receipts:</b>				
Taxes	\$ 53,054	\$ 57,857	\$10,368	\$121,279
Intergovernmental Receipts	21,033	62,027	0	83,060
Interest on Investments	953	1,171	0	2,124
All Other Receipts	<u>5,013</u>	<u>0</u>	<u>0</u>	<u>5,013</u>
Total Cash Receipts	<u>80,053</u>	<u>121,055</u>	<u>10,368</u>	<u>211,476</u>
<b>Cash Disbursements:</b>				
General Government	40,892	0	0	40,892
Public Safety	0	13,569	0	13,569
Public Works	32,697	98,421	0	131,118
Health	2,000	0	0	2,000
Bond Principal Retirement	0	0	7,000	7,000
Interest and Fiscal Charges	<u>0</u>	<u>0</u>	<u>3,360</u>	<u>3,360</u>
Total Cash Disbursements	<u>75,589</u>	<u>111,990</u>	<u>10,360</u>	<u>197,939</u>
Excess of Cash Receipts Over/(Under) Cash Disbursements	4,464	9,065	8	13,537
Fund Cash Balances, January 1	<u>35,603</u>	<u>86,658</u>	<u>0</u>	<u>122,261</u>
<b>Fund Cash Balances, December 31</b>	<b><u><u>\$40,067</u></u></b>	<b><u><u>\$ 95,723</u></u></b>	<b><u><u>\$8</u></u></b>	<b><u><u>\$135,798</u></u></b>

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

**This Page Intentionally Left Blank**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 1998-1997**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. DESCRIPTION OF THE ENTITY**

Cass Township, Muskingum County, 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 maintenance of streets and fire protection.

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 a payment is made rather than when a liability is incurred.

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

**C. CASH AND INVESTMENTS**

The Township has one account and had no investments during our audit period.

**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:

**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.

**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:

Motor Vehicle License Tax Fund - This fund received motor vehicle license tax money to construct, maintain and repair Township roads.

Gasoline Tax Fund - This fund received gasoline tax monies to construct, maintain and repair Township roads.

Road and Bridge Fund - This fund received real estate tax monies to maintain and repair the bridges and roads in the Township.

Fire Levy Fund - This fund received money from a tax levy, approved by the voters, to provide fire protection for the Township.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 1998-1997**

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

**D. FUND ACCOUNTING (Continued)**

**Debt Service Fund**

The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term obligation principal, interest, and related costs. The Township had the following significant Debt Service Fund:

Note Retirement Fund - This fund received real estate tax monies to retire the debt for the purchase of a road grader.

**E. BUDGETARY PROCESS**

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

**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. Appropriations lapse at year end.

**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.

**Encumbrances**

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The Township did not encumber all commitments required by Ohio law.

A summary of 1998 and 1997 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.

**2. EQUITY IN POOLED CASH**

The Township maintains a cash 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>1998</u>	<u>1997</u>
Demand deposits	<u>\$170,899</u>	<u>\$135,798</u>

**Deposits:** Deposits are either (1) insured by the Federal Deposit Insurance Corporation, or (2) collateralized by securities specifically pledged, by the financial institution, to the Township.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 1998-1997**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 1998 and December 31, 1997 was as follows:

**1998 Budgeted vs. Actual Receipts**

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$75,616	\$95,550	\$19,934
Special Revenue	93,892	133,871	39,979
Debt Service	<u>9,950</u>	<u>9,950</u>	<u>0</u>
Total	<u>\$179,458</u>	<u>\$239,371</u>	<u>\$59,913</u>

**1998 Budgeted vs. Actual Disbursements**

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Actual Disbursements</u>	<u>Variance</u>
General	\$115,683	\$76,637	\$39,046
Special Revenue	189,615	117,693	72,082
Debt Service	<u>9,958</u>	<u>9,940</u>	<u>18</u>
Total	<u>\$315,256</u>	<u>\$204,270</u>	<u>\$111,146</u>

**1997 Budgeted vs. Actual Receipts**

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$66,624	\$80,053	\$13,429
Special Revenue	85,597	121,055	35,458
Debt Service	<u>10,360</u>	<u>10,368</u>	<u>8</u>
Total	<u>\$162,581</u>	<u>\$211,476</u>	<u>\$48,895</u>

**1997 Budgeted vs. Actual Disbursements**

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Actual Disbursements</u>	<u>Variance</u>
General	\$107,227	\$75,589	\$31,638
Special Revenue	172,253	111,990	60,263
Debt Service	<u>10,368</u>	<u>10,360</u>	<u>8</u>
Total	<u>\$289,848</u>	<u>\$197,939</u>	<u>\$91,909</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 1998-1997**

**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 payments, 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 employees of the Township were covered by the Public Employees Retirement System of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including post-retirement 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 1998 and 1997, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55 % of participants' gross salaries. The Township has paid all contributions required through December 31, 1998.

**6. RISK MANAGEMENT**

The Township has obtained commercial insurance for the following risks:

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

**7. YEAR 2000 ISSUE**

The Year 2000 issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the government's operations as early as fiscal year 1999.

The Township has completed an inventory of computer systems and other electronic equipment that may be affected by the Year 2000 issue and that are necessary to conducting Township operations:

- S Tax collection for the Township is handled by Muskingum County. The County is responsible for remediating this system, and is solely responsible for any costs associated with this project.
- S The Township leases the Auditor of State's Uniform Accounting Network (UAN) system for its financial operations. The Auditor of State is responsible for remediating this system and is solely responsible for any costs associated with this project. As of December 31, 1998, the Auditor of State was validating and testing the UAN system. The Auditor of state released a validated and tested version of UAN in 1999. The Township must install the updated release to help assure the continued proper processing of transactions.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 1998-1997**

**8. YEAR 2000 ISSUE** (Continued)

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the Township is or will be Year 2000 ready, that the Township's remediation efforts will be successful in whole or in part, or that parties with whom the Township does business will be Year 2000 ready.

**This Page Intentionally Left Blank**





STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

743 East State Street  
Athens Mall, Suite B  
Athens, Ohio 45701

Telephone 740-594-3300  
800-441-1389

Facsimile 740-594-2110

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

Cass Township  
Muskingum County  
12335 Main Street.  
Trinway, Ohio 43842

To the Board of Trustees:

We have audited the financial statements of Cass Township, Muskingum County, Ohio, (the Township) as of and for the years ended December 31, 1998 and December 31, 1997, and have issued our report thereon dated January 19, 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 Cass 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*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated January 19, 2000.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Cass 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 the management of the Township in a separate letter dated January 19, 2000.

This report is intended for the information and use of 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".

**JIM PETRO**  
Auditor of State

January 19, 2000





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

**CASS TOWNSHIP**

**MUSKINGUM 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  
FEBRUARY 15, 2000**