

**CASS TOWNSHIP  
RICHLAND COUNTY  
Regular Audit  
For the Years Ended December 31, 2011 and 2010**

***Perry & Associates***  
Certified Public Accountants, A.C.





# Dave Yost • Auditor of State

Board of Trustees  
Cass Township  
6523 Ganges Five Points Road  
Shiloh, Ohio 44878

We have reviewed the *Independent Accountants' Report* of Cass Township, Richland County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2010 through December 31, 2011. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Accountants' Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Accountants' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Cass Township is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

October 2, 2012

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**CASS TOWNSHIP  
RICHLAND COUNTY**

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**INDEPENDENT ACCOUNTANTS' REPORT**

June 8, 2012

Cass Township  
Richland County  
6523 Ganges Five Points Road  
Shiloh, Ohio 44878

To the Board of Trustees:

We have audited the accompanying financial statements of **Cass Township**, Richland County, Ohio, (the Township) as of and for the years ended December 31, 2011 and 2010. 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Township has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Township's larger (i.e. major) funds separately. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of the State permits, but does not require Townships to reformat their statements. The Township has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2011 and 2010 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2011 and 2010 or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances as of December 31, 2011 and 2010 of Cass Township, Richland County, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As described in Note 1, during 2011 Cass Township, Richland County, adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 8, 2012, 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 grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Perry & Associates CPAs A.C.".

**Perry and Associates**  
Certified Public Accountants, A.C.



**CASS TOWNSHIP  
RICHLAND COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Permanent</u>	
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$ 16,788	\$ 97,254	\$ -	\$ 114,042
Licenses, Permits, and Fees	-	27,565	-	27,565
Intergovernmental	60,208	89,812	-	150,020
Earnings on Investments	412	245	-	657
Miscellaneous	6,384	7,295	-	13,679
	<u>83,792</u>	<u>222,171</u>	<u>-</u>	<u>305,963</u>
<b>Total Cash Receipts</b>				
<b>Cash Disbursements:</b>				
Current:				
General Government	57,131	706	-	57,837
Public Safety	-	24,543	-	24,543
Public Works	-	109,132	-	109,132
Health	-	58,838	-	58,838
Human Services	-	3,883	-	3,883
Capital Outlay	-	12,445	-	12,445
	<u>57,131</u>	<u>209,547</u>	<u>-</u>	<u>266,678</u>
<b>Total Cash Disbursements</b>				
Excess of Receipts Over (Under) Disbursements	<u>26,661</u>	<u>12,624</u>	<u>-</u>	<u>39,285</u>
Fund Cash Balances, January 1	<u>71,585</u>	<u>276,189</u>	<u>4,712</u>	<u>352,486</u>
Nonspendable	-	-	4,712	4,712
Restricted	-	288,813	-	288,813
Unassigned	98,246	-	-	98,246
	<u>98,246</u>	<u>-</u>	<u>-</u>	<u>98,246</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$ 98,246</u></b>	<b><u>\$ 288,813</u></b>	<b><u>\$ 4,712</u></b>	<b><u>\$ 391,771</u></b>

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

**CASS TOWNSHIP  
RICHLAND COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Permanent</u>	
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$ 17,176	\$ 109,290	\$ -	\$ 126,466
Licenses, Permits, and Fees	-	17,895	-	17,895
Intergovernmental	74,958	96,306	-	171,264
Earnings on Investments	682	368	-	1,050
Miscellaneous	13,328	7,462	-	20,790
	<u>106,144</u>	<u>231,321</u>	<u>-</u>	<u>337,465</u>
<b>Cash Disbursements:</b>				
Current:				
General Government	68,940	1,151	-	70,091
Public Safety	-	40,610	-	40,610
Public Works	-	105,645	-	105,645
Health	-	39,449	-	39,449
Human Services	-	6,737	-	6,737
Other	-	4,201	-	4,201
Capital Outlay	-	25,404	-	25,404
	<u>68,940</u>	<u>223,197</u>	<u>-</u>	<u>292,137</u>
Excess of Receipts Over (Under) Disbursements	<u>37,204</u>	<u>8,124</u>	<u>-</u>	<u>45,328</u>
Fund Cash Balances, January 1	<u>34,381</u>	<u>268,065</u>	<u>4,712</u>	<u>307,158</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$ 71,585</u></b>	<b><u>\$ 276,189</u></b>	<b><u>\$ 4,712</u></b>	<b><u>\$ 352,486</u></b>

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

**CASS TOWNSHIP  
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Cass Township, Richland 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. A publicly elected three-member Board of Trustees and a publicly elected Fiscal Officer direct the Township. The Township provides general governmental services, including road and bridge maintenance and cemetery maintenance.

The Township's management believes these financial statements present all activities for which the Township is financially accountable.

**B. Accounting Basis**

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the Auditor of State prescribes or permits.

**C. Deposits**

The Township Fiscal Officer invests all available funds of the Township in an interest-bearing checking or certificates of deposit which 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 reports all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

These funds account for proceeds from specific sources (other than private purpose trusts or capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

**CASS TOWNSHIP  
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)**

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

**D. Fund Accounting (Continued)**

**2. Special Revenue Funds (Continued)**

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

Permissive Sales Tax Fund - This fund receives sales tax money for maintaining and repairing Township roads and equipment.

**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, and 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.

**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 canceled, and reappropriated in the subsequent year.

A summary of 2011 and 2010 budgetary activity appears in Note 3.

**F. Fund Balance**

For December 31, 2011, fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

CASS TOWNSHIP  
RICHLAND COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Fund Balance (Continued)

1. Nonspendable

The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or it is imposed by law through constitutional provisions.

3. Committed

Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**CASS TOWNSHIP  
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)**

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

**G. Property, Plant and Equipment**

The Township records disbursements for acquisitions of property, plant and equipment when paid. The accompanying financial statements do not report these items as assets.

**2. EQUITY IN POOLED DEPOSITS**

The Township maintains a deposit pool used by all funds. The Ohio Revised Code prescribes allowable deposits. The carrying amount of cash at December 31 was as follows:

	2011	2010
Demand deposits	\$ 389,171	\$ 349,886
Certificates of deposit	2,600	2,600
Total demand deposits	\$ 391,771	\$ 352,486

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2011 and 2010 follows:

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 48,283	\$ 83,792	\$ 35,509
Special Revenue	183,700	222,171	38,471
Total	\$ 231,983	\$ 305,963	\$ 73,980

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 68,272	\$ 57,131	\$ 11,141
Special Revenue	234,500	209,547	24,953
Total	\$ 302,772	\$ 266,678	\$ 36,094

**CASS TOWNSHIP  
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 71,850	\$ 106,144	\$ 34,294
Special Revenue	246,500	231,321	(15,179)
Total	\$ 318,350	\$ 337,465	\$ 19,115

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 86,172	\$ 68,940	\$ 17,232
Special Revenue	322,500	223,197	99,303
Total	\$ 408,672	\$ 292,137	\$ 116,535

**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 elected officials and employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multi-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.

**CASS TOWNSHIP  
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)**

**5. RETIREMENT SYSTEMS (Continued)**

Contribution rates are also prescribed by the Ohio Revised Code. For 2011 and 2010, members of PERS contributed 10% of their gross salaries. The Township contributed an amount equal to 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2011.

**6. RISK MANAGEMENT**

**Risk Pool Membership**

Prior to 2009, the Government belonged to the Ohio Government Risk Management Plan (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan was legally separate from its member governments.

On January 1, 2009, through an internal reorganization, the Plan created three separate non-profit corporations including:

- Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Risk Management Plan;
- Ohio Plan Healthcare Consortium, Inc. (OPHC) - formerly known as the Ohio Healthcare Consortium; and
- Ohio Plan, Inc. - mirrors the oversight function previously performed by the Board of Directors. The Board of Trustees consists of eleven (11) members that include appointed and elected officials from member organizations.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio. These coverage programs, referred to as Ohio Plan Risk management ("OPRM"), are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retains 40% (17.5% through October 31, 2010 and 15% through October 31, 2009) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 761 and 725 members as of December 31, 2010 and 2009 respectively. The Township participates in this coverage.

The Plan formed the Ohio Plan Healthcare Consortium ("OPHC"), as authorized by Section 9.833 of the Ohio Revised Code. The OPHC was established to provide cost effective employee benefit programs for Ohio political sub-divisions and is a self-funded, group purchasing consortium that offers medical, dental, vision and prescription drug coverage as well as life insurance for its members. The OPHC is sold through seventeen appointed independent agents in the State of Ohio. Coverage programs are developed specific to each member's healthcare needs and the related premiums for coverage are determined through the application of uniform underwriting criteria. Variable plan options are available to members. These plans vary primarily by deductibles, coinsurance levels, office visit co-pays and out-of-pocket maximums. OPHC had 65 and 60 members as of December 31, 2010 and 2009 respectively. The Township participates in this coverage.



**CASS TOWNSHIP  
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010**

(Continued)

**6. RISK MANAGEMENT (Continued)**

**Risk Pool Membership (Continued)**

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31: 2010 and 2009 (the latest information available), and include amounts for both OPRM and OPHC.

	<b>2010</b>		<b>2009</b>	
	<b>OPRM</b>	<b>OPHC</b>	<b>OPRM</b>	<b>OPHC</b>
Assets	\$12,036,541	\$1,355,131	\$11,176,186	\$1,358,802
Liabilities	(4,845,056)	(1,055,096)	(4,852,485)	(1,253,617)
Members' Equity	\$7,191,485	\$300,035	\$6,323,701	\$105,185

You can read the complete audited financial statements for OPRM and OPHC at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

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**INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

June 8, 2012

Cass Township  
Richland County  
6523 Ganges Five Points Road  
Shiloh, Ohio 44878

To the Board of Trustees:

We have audited the financial statements of **Cass Township**, Richland County, Ohio, (the Township) as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated June 8, 2012, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America and has adopted Governmental Accounting Standards Board Statement No. 54. 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 the Comptroller General of the United States' Government Auditing Standards.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as described in the accompanying schedule of audit findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider findings 2011-001 through 2011-004 described in the accompanying schedule of audit findings to be material weaknesses.

### **Compliance and Other Matters**

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed two instances of noncompliance or other matters that we must report under *Government Auditing Standards* which is described in the accompanying schedule of audit findings as items 2011-005 and 2011-006.

The Board's responses to the findings identified in our audit are described in the accompanying schedule of audit findings. We did not audit the Board's responses and, accordingly, we express no opinion on them.

We also noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated June 8, 2012.

We intend this report solely for the information and use of management, the Board of Trustees and others within the Township. We intend it for no one other than these specified parties.

Respectfully Submitted,



**Perry and Associates**  
Certified Public Accountants, A.C.

**CASS TOWNSHIP  
RICHLAND COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
DECEMBER 31, 2011 AND 2010**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2011-001**

**Material Weakness**

**Posting Receipts and Disbursements**

Receipts and disbursements should be posted to the fund and line item accounts as established by Ohio Administrative Code.

Receipts and disbursements were not always posted correctly. For example;

- Several receipts were posted as Property and Other Local Taxes instead of Intergovernmental in the General and Special Revenue Funds in 2011 and 2010.
- Several Property and Other Local Taxes receipts were recorded at the net amount instead of the gross amount in the General and Special Revenue Funds in 2011 and 2010 .
- Rollback receipts were inaccurately posted entirely to the General Fund rather than being distributed and posted to the correct fund.
- A disbursement was not recorded in the system in various Special Revenue Funds in 2010.

Not posting receipts and disbursements accurately resulted in the financial statements requiring several reclassification and adjustment entries. The Township has agreed with and posted all adjustments to the accounting system. The financial statements reflect all reclassifications and adjustments.

To help ensure accuracy and reliability in the financial reporting process, we recommend that management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all sources of revenues are properly identified and classified on the financial statements.

We also recommend the Fiscal Officer refer to Ohio Administrative Code Section 117-7-01 and/or the Ohio Township Handbook for guidance to determine the proper establishment of receipt and disbursement accounts and posting of receipts and disbursements.

**Management's Response** – We did not receive a response from officials to this finding.

**FINDING NUMBER 2011-002**

**Material Weakness**

**Controls over Accounting and Reporting**

The Township has experienced several accounting and reporting issues as evidenced by the number of report findings.

**CASS TOWNSHIP  
RICHLAND COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
DECEMBER 31, 2011 AND 2010**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2011-002 (Continued)**

Financial information is vital to an organization's management in its continual effort to effectively make decisions to guide the organization. It is also important for management to receive timely feedback on the reliability of financial information summarized in the financial statements, notes to the financial statements, and schedules used to make these management decisions.

There was an obvious lack of internal controls over the financial accounting process, which need to be addressed promptly.

Failure to implement controls over the financial accounting process has resulted in the Township's records being inaccurate.

We recommend that the Township effectively monitor the financial position which will aid in the timely detection of errors or irregularities. In addition, the Board of Trustees should monitor the Township's legal compliance, financial condition, and controls over the safeguarding of assets. They should review the Township books, review the bank reconciliations, and perform other such duties as are deemed to be necessary.

**Management's Response** – We did not receive a response from officials to this finding.

**FINDING NUMBER 2011-003**

**Material Weakness**

**Bank Reconciliations**

The Fiscal Officer did not prepare accurate monthly reconciliations of bank balances to book balances. Outstanding checks and deposits in transit were detailed to enable a proper reconciliation to be performed. However, the bank reconciliation included "Other Adjusting Factors." These were determined and adjustments were proposed and made to the accounting system. The lack of proper reconciliations among the bank statements, cashbook and ledgers could result in numerous errors.

We recommend the Fiscal Officer prepare detailed bank reconciliations that include all bank account balances being reconciled to total fund balances. Copies of bank reconciliations should be presented to the Board of Trustees for the Trustee's review and use in managing the Township. Other reconciling items should be traced down and identified accurately.

**Management's Response** – I asked for assistance to correct the bank reconciliation. Every bank reconciliation was completed and performed in a timely manner, with the exception of the other adjusting factors. We have tried to make significant improvements in controls.

**CASS TOWNSHIP  
RICHLAND COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
DECEMBER 31, 2011 AND 2010**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2011-004**

**Material Weakness**

**Permanent Fund**

The Township combined the Cemetery Bequest Fund, Permanent Fund Type into the Cemetery Special Levy Fund, Special Revenue Fund Type in the accounting system.

This resulted in improper fund classifications being reflected on the Township's financial system and subsequent financial statements.

As a result, adjustments were made in order to fairly present the annual financial statements. The financial statements reflect this adjustment and all adjustments have been made to the Township's accounting system.

**Management's Response** – I dispute this because it was not improperly classified. We had never set it up as a fund. The cemetery bequest is and always has been in a CD. I understand that a fund needed to be set up, but I don't feel that it should be a finding. I think it would suffice to advise me to set up a fund and enter the amount.

**FINDING NUMBER 2011-005**

**Material Noncompliance**

**26 U.S.C. 3402(a)(1)** requires employers to withhold and remit federal income taxes from wages of employees and elected officials. Federal income tax regulations require the Township to prepare the IRS Tax Form 941 on a quarterly basis, and to make monthly deposits of Medicare and Income Tax withholdings. Various Ohio Revised Code Sections also require the Township to withhold from the employees' wages, or pay on behalf of the employees, a certain percentage of earned wages as defined and to remit to the appropriate system the amounts withheld, matched with an appropriate percentage of employer matching contributions.

The Township was delinquent in filing IRS Tax Forms 941 for 2010 and 2011. The Township paid their required federal taxes in both 2010 and 2011, but did not file the required forms in a timely manner resulting in penalties and interest.

Failure to file the required forms with the appropriate taxing agencies resulted in noncompliance with federal income tax requirements, and has resulted in unnecessary interest and penalties for which the Township is liable.

The Township should develop and implement procedures to ensure that all required tax forms are prepared accurately and completely, and are submitted in accordance with applicable requirements. The Township should contact all taxing authorities (federal, state, and local), and obtain documentation to determine what forms have been submitted, those that remain not submitted, whether balances are still owed to these agencies, and to settle these liabilities to ensure accounts are up to date.

CASS TOWNSHIP  
RICHLAND COUNTY

SCHEDULE OF AUDIT FINDINGS  
DECEMBER 31, 2011 AND 2010

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

FINDING NUMBER 2011-005 (Continued)

**Management's Response** – I have enrolled in the EFTPS program and have submitted documentation and proof that we have made all payments. I also submitted documentation that we have paid the Federal Taxes on time for 2012.

FINDING NUMBER 2011-006

**Material Noncompliance**

Ohio Revised Code states that every public office must have a policy in place for compliance with Public Records Laws. There are three specific items that public offices cannot have in their public records policies. Their policy cannot: (1) limit the number of public records it will make available to a single person; (2) limit the number of public records it will make available during a fixed period of time; or (3) establish a fixed period of time before it will respond to a request for inspection/copying of public records unless that period is less than eight hours. Ohio Attorney General shall develop and provide to all public records request in compliance with Ohio Rev. Code § 149.43.

Pursuant to **Ohio Rev. Code 149.43(B)(2)**, the entity shall have available a copy of its current records retention schedule at a location readily available to the public.

The Township has not adopted a public records policy or a records retention policy.

The Township should adopt and establish a written policy regarding the availability of public records and a separate policy regarding the disposal of old records.

**Management's Response** – We are in the process of completing the Public Records policy.

**CASS TOWNSHIP  
RICHLAND COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2011 AND 2010**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2009-001	Material Weakness - Controls over Financial Reporting	No	Not Corrected, Repeated as Finding 2011-001
2009-002	Material Weakness - Controls over Accounting and Reporting	No	Not Corrected, Repeated as Finding 2011-002
2009-003	Material Weakness - Controls over Reconciling	No	Not Corrected, Repeated as Finding 2011-003
2009-004	Material Weakness – Incorrect Check Numbers	Yes	
2009-005	Material Weakness/Material Noncompliance – Inaccurate Accounting Records	Yes	
2009-006	Material Noncompliance – ORC 5705.41(D) – Expenditures not properly encumbered	No	Partially Corrected, Moved to the Management Letter
2009-007	Material Noncompliance – 26 U.S.C. 3402(a)(1) – Failure to file the required tax forms	No	Not Corrected, Repeated as Finding 2011-005
2009-008	Material Noncompliance – ORC 9.24 – Failure to search the unresolved findings for recovery database	Yes	
2009-009	Material Noncompliance – ORC 101.15 – Failure to provide minute records for review	Yes	
2009-010	Material Noncompliance – ORC 149.43 – Failure to adopt a public records policy or a records retention policy	No	Not Corrected, Repeated as Finding 2011-006
2009-011	Significant Deficiency – ORC – Failure to adopt a written policy for the use of credit cards.	Yes	





# Dave Yost • Auditor of State

**CASS TOWNSHIP**

**TOWNSHIP 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  
OCTOBER 16, 2012**