

***CONCORD TOWNSHIP  
CHAMPAIGN COUNTY, OHIO***

***AUDIT REPORT***

***FOR THE YEARS ENDED DECEMBER 31, 2015 & 2014***







# Dave Yost • Auditor of State

Township Trustees  
Concord Township  
6239 Millerstown--Eris Road  
Urbana, Ohio 43078

We have reviewed the *Independent Auditor's Report* of Concord Township, Champaign County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2014 through December 31, 2015. 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.

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. The Concord 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

September 7, 2016

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**CONCORD TOWNSHIP  
CHAMPAIGN COUNTY, OHIO  
Audit Report  
For the Years Ended December 31, 2015 & 2014**

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***Charles E. Harris & Associates, Inc.***  
*Certified Public Accountants*

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## **INDEPENDENT AUDITOR'S REPORT**

Concord Township  
Champaign County  
6239 Millerstown – Eris Road  
Urbana, Ohio 43078

To the Board of Trustees:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of Concord Township, Champaign County, (the Township) as of and for the years ended December 31, 2015 and 2014.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 1 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Township does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Qualified Opinion on Regulatory Basis of Accounting* paragraph below.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2015 and 2014, or changes in financial position thereof for the years then ended.

***Basis for Qualified Opinion on Regulatory Basis of Accounting***

In prior audits dating back to 2006 and 2007, the Township had audit adjustments that were not booked. The Township declined to adjust the General Fund, the Gasoline Tax Fund and the Motor Vehicle Tax Fund in the amounts of (\$27,134), \$26,947 and \$190, respectively.

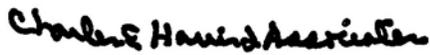
During 2014 and 2015, the Township paid Trustee and Fiscal Officer salaries out of the General, Gasoline Tax and Road and Bridge funds, however a portion of the employees corresponding medical and dental insurance was charged to the Motor Vehicle License Tax fund. The amount of medical insurance that should have been paid out the General, Gasoline Tax and Road and Bridge funds respectively for 2015 was \$6,706, \$7,765 and \$3,177. The amount of medical insurance that should have been paid out the General, Gasoline Tax and Road and Bridge funds respectively for 2014 was \$14,024, \$19,633 and \$6,411. The Township declined to make these adjustments. Had the Township agreed to the adjustments and the audit adjustments from 2006 and 2007, the effect would have resulted in negative General Fund cash fund balances at December 31, 2015 and 2014 of (\$41,941) and (\$34,896), respectively. Had the Township agreed to the adjustments and the audit adjustments from 2006 and 2007, the effect would have resulted in Gasoline Tax Fund cash fund balances at December 31, 2015 and 2014 of \$18,071 and \$34,341, respectively. Had the Township agreed to the adjustments, the effect would have resulted in negative Road and Bridge Fund cash fund balances at December 31, 2015 and 2014 of (\$6,242) and (\$2,765), respectively. Had the Township agreed to the adjustments and the audit adjustments from 2006 and 2007, the effect would have resulted in Motor Vehicle License Tax Fund cash fund balances at December 31, 2015 and 2014 of \$66,721 and \$57,406, respectively.

**Qualified Opinion on Regulatory Basis of Accounting**

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion on Regulatory Basis of Accounting* paragraph, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Concord Township, Champaign County, as of December 31, 2015 and 2014, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permits, described in Note 1.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2016, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



**Charles E. Harris & Associates, Inc.**  
June 29, 2016

**CONCORD TOWNSHIP**  
**CHAMPAIGN COUNTY, OHIO**  
**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND**  
**CHANGES IN FUND CASH BALANCES**  
**All Governmental Fund Types**  
**For the Year Ended December 31, 2015**

	Governmental Fund Types		Totals (Memorandum Only)
	General	Special Revenue	
<b>Receipts:</b>			
Property Taxes	\$ 29,418	\$ 150,836	\$ 180,254
Intergovernmental	14,834	106,024	120,858
Fines, Licenses and Permits	1,672	-	1,672
Interest	166	202	368
Other	1,659	-	1,659
<b>Total Receipts</b>	<b>47,749</b>	<b>257,062</b>	<b>304,811</b>
<b>Disbursements:</b>			
General Government	40,906	-	40,906
Public Safety	-	48,663	48,663
Public Works	-	168,482	168,482
Health	7,182	-	7,182
<b>Total Disbursements</b>	<b>48,088</b>	<b>217,145</b>	<b>265,233</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>(339)</b>	<b>39,917</b>	<b>39,578</b>
<b>Fund Cash Balance, January 1, 2015</b>	<b>6,262</b>	<b>301,593</b>	<b>307,855</b>
<b>Fund Cash Balance, December 31, 2015</b>			
Restricted	-	341,510	341,510
Unassigned	5,923	-	5,923
<b>Fund Cash Balance, December 31, 2015</b>	<b>\$ 5,923</b>	<b>\$ 341,510</b>	<b>\$ 347,433</b>

See Accompanying Notes to the Financial Statements.

**CONCORD TOWNSHIP  
CHAMPAIGN COUNTY, OHIO  
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
All Governmental Fund Types  
For the Year Ended December 31, 2014**

	Governmental Fund Types		Totals (Memorandum Only)
	General	Special Revenue	
<b>Receipts:</b>			
Property Taxes	\$ 29,975	\$ 123,424	\$ 153,399
Intergovernmental	11,246	112,755	124,001
Fines, Licenses and Permits	1,084	-	1,084
Interest	190	232	422
Other	768	-	768
<b>Total Receipts</b>	<b>43,263</b>	<b>236,411</b>	<b>279,674</b>
<b>Disbursements:</b>			
General Government	77,677	-	77,677
Public Safety	-	46,971	46,971
Public Works	-	178,223	178,223
Health	7,082	-	7,082
Capital Outlay	-	6,500	6,500
<b>Total Disbursements</b>	<b>84,759</b>	<b>231,694</b>	<b>316,453</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>(41,496)</b>	<b>4,717</b>	<b>(36,779)</b>
<b>Fund Cash Balance, January 1, 2014</b>	<b>47,758</b>	<b>296,876</b>	<b>344,634</b>
<b>Fund Cash Balance, December 31, 2014</b>			
Restricted	-	301,593	301,593
Unassigned (Deficit)	6,262	-	6,262
<b>Fund Cash Balance, December 31, 2014</b>	<b>\$ 6,262</b>	<b>\$ 301,593</b>	<b>\$ 307,855</b>

See Accompanying Notes to the Financial Statements.

**CONCORD TOWNSHIP**  
**CHAMPAIGN COUNTY, OHIO**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2015 and 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

The constitution and laws of the State of Ohio establish the rights and privileges of Concord Township, Champaign County, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the JSP Fire District to provide fire and EMS services, the Village of West Liberty for fire services, Urbana Township for fire services, and Adams Township for fire 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 accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. 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.)

The statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

C. DEPOSIT AND INVESTMENTS

Investments are included in fund cash balances. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

**CONCORD TOWNSHIP**  
**CHAMPAIGN COUNTY, OHIO**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2015 and 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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 accounts for and reports all financial resources not accounted for and reported in another fund.

2. Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. 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.

Road and Bridge – This fund receives property tax money for constructing, maintaining, and repairing Township roads and bridges.

Road District Fund – This fund received property tax money for constructing and maintaining Township roads.

Fire District Fund – This fund receives tax revenue for fire protection service.

E. BUDGETARY PROCESS

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

1. Appropriations

Budgetary disbursements (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. Unencumbered appropriations lapse at year end.

**CONCORD TOWNSHIP**  
**CHAMPAIGN COUNTY, OHIO**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2015 and 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

E. BUDGETARY PROCESS – (Continued)

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 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.

A summary of 2015 and 2014 budgetary activity appears in Note 4.

F. FUND BALANCE

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.

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 is imposed by law through constitutional provisions.

3. Committed

The 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.

**CONCORD TOWNSHIP**  
**CHAMPAIGN COUNTY, OHIO**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2015 and 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

F. FUND BALANCE – (Continued)

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as restrict 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 the Township Trustees.

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.

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.

**CONCORD TOWNSHIP  
CHAMPAIGN COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended December 31, 2015 and 2014**

2. EQUITY IN POOLED CASH AND CASH EQUIVALENTS

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

	2015	2014
Demand Deposits	\$347,433	\$307,855

Deposits: Deposits are either (1) insured by the Federal Deposit Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the Township, or (3) collateralized by the financial institution's public entity deposit pool.

3. PROPERTY TAXES

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, 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.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township.

**CONCORD TOWNSHIP**  
**CHAMPAIGN COUNTY, OHIO**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2015 and 2014**

4. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2015 and 2014 follows:

<u>2015 Budgeted vs Actual Receipts</u>			
<u>Fund:</u>	<u>Budgeted</u> <u>Receipts</u>	<u>Actual</u> <u>Receipts</u>	<u>Variance</u>
General Fund	\$ 62,478	\$ 47,749	\$ (14,729)
Special Revenue Funds	267,055	257,062	(9,993)

<u>2015 Budgeted vs Actual Budgetary Basis Disbursements</u>			
<u>Fund:</u>	<u>Appropriation</u> <u>Authority</u>	<u>Budgetary</u> <u>Disbursements</u>	<u>Variance</u>
General Fund	\$ 68,740	\$ 48,088	\$ 20,652
Special Revenue Funds	568,644	217,145	351,499

<u>2014 Budgeted vs Actual Receipts</u>			
<u>Fund:</u>	<u>Budgeted</u> <u>Receipts</u>	<u>Actual</u> <u>Receipts</u>	<u>Variance</u>
General Fund	\$ 65,260	\$ 43,263	\$ (21,997)
Special Revenue Funds	258,650	\$ 236,411	(22,239)

<u>2014 Budgeted vs Actual Budgetary Basis Disbursements</u>			
<u>Fund:</u>	<u>Appropriation</u> <u>Authority</u>	<u>Budgetary</u> <u>Disbursements</u>	<u>Variance</u>
General Fund	\$ 112,471	\$ 84,759	\$ 27,712
Special Revenue Funds	554,822	\$231,694	323,128

5. RETIREMENT SYSTEM

The Township's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2015 and 2014, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14%, respectively, of participants' gross salaries. The Township has paid all contributions required through December 31, 2015.

**CONCORD TOWNSHIP**  
**CHAMPAIGN COUNTY, OHIO**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2015 and 2014**

6. RISK MANAGEMENT

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

Risk Pool Membership

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) (York), functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool.

Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2015, OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Assets	\$37,313,311	\$35,970,263
Liabilities	8,418,518	8,912,432
Net Position	\$28,894,793	\$27,057,831

**CONCORD TOWNSHIP  
CHAMPAIGN COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended December 31, 2015 and 2014**

6. RISK MANAGEMENT – (Continued)

Risk Pool Membership – (continued)

At December 31, 2015 and 2014, respectively, the liabilities above include approximately \$7.8 and \$8.2 million of estimated incurred claims payable. The assets above also include approximately \$7.7 and \$7.2 million of unpaid claims to be billed to approximately 989 members and 957 member governments in the future, as of December 31, 2015 and 2014, respectively. These amounts will be included in future contributions from members when the related claims are due for payment.

As of December 31, 2015, the Township’s share of these unpaid claims collectible in future years is approximately \$4,000.

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

<b><u>Contributions to OTARMA</u></b>	
<b><u>2014</u></b>	<b><u>2015</u></b>
\$ 7,443	\$ 7,535

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year’s contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

7. CONTINGENT LIABILITES/SUBSEQUENT EVENTS

Management believes there are no pending claims or lawsuits.

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***Charles E. Harris & Associates, Inc.***  
*Certified Public Accountants*

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

Concord Township  
Champaign County  
6239 Millerstown – Eris Road  
Urbana, Ohio 43078

To the Board of Trustees:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of Concord Township, Champaign County (the Township), as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements and have issued our report thereon dated June 29, 2016 wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also qualified our opinion on the Township for not posting audit adjustments from the current and past audits.

**Internal Controls Over Financial Reporting**

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

*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 combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider to be material weaknesses. We consider findings 2015-001 and 2015-002 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, opining 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 an instance of noncompliance or other matter we must report under *Government Auditing Standards*, which is described in the accompanying schedule of findings as item 2015-002.

### **Township's Responses to Findings**

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

### **Purpose of this Report**

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



*Charles E. Harris & Associates, Inc.*  
June 29, 2016

**CONCORD TOWNSHIP  
CHAMPAIGN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2015 AND 2014**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2015-001  
Material Weakness**

**Recording of Financial Activity**

The Township has not adjusted its accounting records for audit adjustments dating back to the 2007-06 audit. By not recording these adjustments the Township has not accurately presented the fund balances in the years subsequent to the 2007 and 2006, which inhibits the users understanding of the Township's true financial position. The failure to record the adjustments could not only impact users' understanding of the financial position; it also inhibits the Board's and management's ability to make sound financial decisions, and may impact the Board's ability to comply with budgetary laws.

The Township's Board and management should develop a plan to make the required adjustments.

**Official's Response:**

The Township understands the need to make the adjustments and the reasoning behind the adjustments. The Township has made a partial adjustment and will continue to do so in the future as cash flows allow. We are not able to make the entire adjustment as it would put our General Fund into a negative balance.

**FINDING NUMBER 2015-002  
Material Weakness and Noncompliance Citation**

**Allocation of Health Insurance**

Trustee Salary Allocation

Auditor of State Bulletin 2011-007 summarized legislative changes governing township fiscal officers and trustees compensation. Applicable Ohio Revised Code Sections are 505.24(c), and 507.09(c) and Ohio Attorney General opinion 2004-036. These sections established certain requirements when trustee salaries are paid from other than the general fund. A resolution must be passed which specifies the proportions of the salaries which are to be paid from each fund. Also, each trustee must complete a certification prior to receiving his/her pay for each pay period certifying the percentage of time that the trustee spent during that pay period providing services related to each fund to be charged. Employee fringe benefits must be allocated to the same fund as the Trustee salary or in the same proportion if multiple funds.

We also noted that the Township recorded trustee dental and medical insurance in special revenue funds with no salary expense in 2015 and 2014 in the amounts of \$17,648 and \$40,068, respectively. These adjustments were not made in the financial statements.

The Township's Board and management should develop a plan to make the required adjustments.

**CONCORD TOWNSHIP  
CHAMPAIGN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2015 AND 2014**

<p><b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b></p>
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**FINDING NUMBER 2015-002  
Material Weakness and Noncompliance Citation**

**(Continued)**

**Official's Response:**

The Township understands the need to make the adjustments and the reasoning behind the adjustments. The Township has made a partial adjustment and will continue to do so in the future as cash flows allow. We are not able to make the entire adjustment as it would put our General Fund into a negative balance.

CONCORD TOWNSHIP  
 CHAMPAIGN COUNTY, OHIO  
 For the Years Ended December 31, 2015 and 2014

SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING NUMBER	FUNDING SUMMARY	FULLY CORRECTED?	Not Corrected. Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2013-001	Material weakness: Recording of Financial Activity, adjustment dating back to 2007-2006 not made.	No	Repeat finding as 2015-001

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# Dave Yost • Auditor of State

**CONCORD TOWNSHIP**

**CHAMPAIGN 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  
SEPTEMBER 20, 2016**