



**CONCORD TOWNSHIP
HIGHLAND COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**CONCORD TOWNSHIP
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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

250 West Court Street
Suite 150 E
Cincinnati, Ohio 45202
Telephone 513-361-8550
800-368-7419
Facsimile 513-361-8577
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

Concord Township
Highland County
1350 Redkey Road
Winchester, Ohio 45697

To the Board of Trustees:

We have audited the accompanying financial statements of Concord Township, Highland County, Ohio (the Township), as of and for the years ended December 31, 1999 and 1998. 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 the Township as of December 31, 1999 and 1998, and its combined cash receipts and unclassified 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 August 2, 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 the management, the Board and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro".

Jim Petro
Auditor of State

August 2, 2000

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CONCORD TOWNSHIP
COMBINED STATEMENT OF CASH RECEIPTS, UNCLASSIFIED CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES -
FOR THE YEAR ENDED DECEMBER 31, 1999

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Local Taxes	\$16,203	\$14,717	\$30,920
Intergovernmental	23,324	70,138	93,462
Earnings on Investments	701	0	701
	<u>40,228</u>	<u>84,855</u>	<u>125,083</u>
Total Cash Receipts			
Cash Disbursements:			
Unclassified Cash Disbursements	<u>42,551</u>	<u>71,974</u>	<u>114,525</u>
Total Receipts Over/(Under) Disbursements	(2,323)	12,881	10,558
Fund Cash Balances, January 1	<u>3,621</u>	<u>24,445</u>	<u>28,066</u>
Fund Cash Balances, December 31	<u><u>\$1,298</u></u>	<u><u>\$37,326</u></u>	<u><u>\$38,624</u></u>

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

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

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Local Taxes	\$15,462	\$14,044	\$29,506
Intergovernmental	29,899	83,746	113,645
Earnings on Investments	739	0	739
Other Revenue	3,849	4,674	8,523
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	49,949	102,464	152,413
Cash Disbursements:			
Unclassified Cash Disbursements	40,114	94,903	135,017
	<hr/>	<hr/>	<hr/>
Total Receipts Over/(Under) Disbursements	9,835	7,561	17,396
Other Financing Receipts/(Disbursements):			
Transfers-In	0	15,782	15,782
Transfers-Out	0	15,782	15,782
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	0	0	0
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements			
	9,835	7,561	17,396
Fund Cash Balances, January 1	(6,214)	16,884	10,670
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$3,621</u>	<u>\$24,445</u>	<u>\$28,066</u>

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

**CONCORD TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Concord Township, Highland County, Ohio (the Township), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected, three-member Board of Trustees. The Township provides general governmental services, including road and bridge maintenance, fire protection and emergency medical services. The Township contracts with the Village of Mowrystown to provide fire services and ambulance services.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

The Township does not classify disbursements using the chart of accounts prescribed by Ohio Administrative Code, Sections 117-3-4 and 117-3-11. Cash disbursements in the accompanying financial statements are presented as unclassified.

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

C. Cash and Deposits

The Township Clerk deposits all available funds of the Township in a regular checking account and a certificate of deposit with a local commercial bank. The certificate of deposit is valued at cost.

D. Fund Accounting

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

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

CONCORD TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Motor Vehicle License Tax Fund - This fund receives motor vehicle tax money for constructing, maintaining and repairing Township roads.

Permissive Motor Vehicle License Fund - This fund receives tax money for the maintaining and repairing Township roads.

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

Fire Fund - This fund receives tax money for fire protection.

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must also approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year-end are carried over, and need not be reappropriated. There were no encumbrances outstanding at December 31, 1999 and 1998.

A summary of 1999 and 1998 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 AND DEPOSITS

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 deposits at December 31 was as follows:

CONCORD TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

2. EQUITY IN POOLED CASH AND DEPOSITS (Continued)

	<u>1999</u>	<u>1998</u>
Demand deposits	\$32,437	\$22,128
Certificates of deposit	<u>6,187</u>	<u>5,938</u>
Total deposits	<u><u>\$38,624</u></u>	<u><u>\$28,066</u></u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and 1998 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 49,099	\$ 40,228	(\$ 8,871)
Special Revenue	<u>95,900</u>	<u>84,855</u>	<u>(11,045)</u>
Total	<u><u>\$144,999</u></u>	<u><u>\$125,083</u></u>	<u><u>(\$19,916)</u></u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 51,900	\$ 42,551	\$ 9,349
Special Revenue	<u>119,121</u>	<u>71,974</u>	<u>47,147</u>
Total	<u><u>\$171,021</u></u>	<u><u>\$114,525</u></u>	<u><u>\$56,496</u></u>

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 47,245	\$ 49,949	\$ 2,704
Special Revenue	<u>93,231</u>	<u>118,246</u>	<u>25,015</u>
Total	<u><u>\$140,476</u></u>	<u><u>\$168,195</u></u>	<u><u>\$27,719</u></u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 42,470	\$ 40,114	\$ 2,356
Special Revenue	<u>87,740</u>	<u>110,685</u>	<u>(22,945)</u>
Total	<u><u>\$130,210</u></u>	<u><u>\$150,799</u></u>	<u><u>(\$20,589)</u></u>

**CONCORD TOWNSHIP
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 1999 AND 1998
 (Continued)**

3. BUDGETARY ACTIVITY (Continued)

Contrary to Ohio Revised Code, appropriations exceed estimated resources and disbursements exceed appropriations in 1998. The Township did not always obtain prior certification of the fiscal officer for all purchases, as required by Ohio Law.

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.

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. DEBT

Debt outstanding at December 31, 1999 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Athley Loader Note	\$1,944	9%
New Truck Note	<u>5,299</u>	8.75%
Total	<u><u>\$7,243</u></u>	

Athley Loader Note (Firststar): This loan was initiated in March 1995 in the amount of \$5,625 at 9.0% interest for a term of five years. The loan was acquired for the purpose of purchasing a new front end loader for the tractor. Annual payments of \$1,125 plus interest are to be made for five years. Note payments were made from the Gasoline Tax fund. The Township is making payments on this loan according to the annual payment notices that they receive from the bank. According to the payment notices received from the bank, the Township's first payment was due in 1997 instead of 1996, as stated in the loan agreement. During 1997, the Township paid an additional \$306 to principal, as required on the payment notice from the bank. If the Township adheres to paying the loan according to the bank notices, they will make final payment in the year 2001. However, if they follow the loan agreement, the loan will be paid off in 2000. The footnote reflects final payment being made in 2000. The Township has not incurred any penalties on the loan.

New Truck Note (Firststar): This loan was initiated in July 1996 in the amount of \$15,000 at 8.75% interest for a term of five years. The interest rate on this loan is a floating rate that changes with the prime rate. Payment are to be made quarterly. Loan repayments were made through the Gasoline Tax fund and General fund. Final payment is scheduled to be in the year 2001.

**CONCORD TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

5. DEBT (Continued)

Amortization of the above debt, including interest, is scheduled as follows:

Year ending December 31:	Loader Note	New Truck Note	Total All Note Debt
2000	\$2,119	\$3,736	\$5,855
2001	0	1,998	1,998
Total	\$2,119	\$5,734	\$7,853

6. RETIREMENT SYSTEMS

The Township's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including 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 1999 and 1998, members of PERS 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, 1999.

7. RISK MANAGEMENT

The Township is a member of the Ohio Government Risk Management Plan, Commercial Package Insurance Pool (the Pool). The Pool assumes the risk of loss up to the limits of the Township's policy. The Pool may assess supplemental premiums. The following risks are covered by the Pool:

- Property
- Vehicle
- General Liability
- Public Officials Liability

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JIM PETRO, AUDITOR OF STATE

250 West Court Street
Suite 150 E
Cincinnati, Ohio 45202
Telephone 513-361-8550
800-368-7419
Facsimile 513-361-8577
www.auditor.state.oh.us

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

Concord Township
Highland County
1350 Redkey Road
Winchester, Ohio 45697

To the Board of Trustees:

We have audited the accompanying financial statements of Concord Township, Highland County, Ohio (the Township), as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated August 2, 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 the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 1999-40436-001 through 1999-40436-006. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated August 2, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Township's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 1999-40436-001 through 1999-40436-003.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above,

we consider items 1999-40436-001, 1999-40436-002 and 1999-40436-003 to be material weaknesses. We noted other matters involving the internal controls over financial reporting that do not require inclusion in this report that we have reported to management of the Township in a separate letter dated August 2, 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", with a large, stylized flourish at the end.

Jim Petro
Auditor of State

August 2, 2000

**CONCORD TOWNSHIP
SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 1999-40436-001

Material Noncompliance/Material Weakness

Ohio Revised Code, Section 117.38, requires each taxing district to submit an annual financial report made in accordance with forms prescribed by the Auditor of State. This report must be filed with the Auditor of State within 60 days of the fiscal year-end. For 1998, the Township prepared an incomplete and inaccurate financial report. For 1999, the Township did not complete and file their annual financial report.

This Section also provides for a penalty to be assessed against any public office that does not file its annual financial report. This penalty shall be \$25 for each day the report remains unfiled after the filing date, provided that the penalty payments shall not exceed \$750.

A similar citation was also issued in the last audit report. In order to avoid unnecessary penalties, the Board of Trustees should take measures to insure that the Clerk properly prepares and files the annual financial report on a timely basis. Proper care should be given to the preparation and completion of the annual financial report. Since this report is the presentation of the Township's financial position, it is important that the report fairly and accurately present the Township's true financial position. This report is used by management to make informed decisions in the operations of the Township.

FINDING NUMBER 1999-40436-002

Material Noncompliance/Material Weakness

Ohio Admin. Code, 117-3-01, requires each Township on a cash basis system to use the alphanumeric codes prescribed by the uniform system of accounting. Ohio Admin. Code, 117-3-11, requires that each Township shall maintain an appropriation ledger for each appropriation account, as prescribed in rule 117-3-04 which details the alphanumeric codes to be utilized. The Township's appropriation ledgers were not maintained in such detail as required by the aforementioned rules. Many items were found to have been improperly posted in the 1998/1997 accounting ledgers and therefore, improperly reported on the Township's 1997 annual financial report. As a result, disbursements presented in the accompanying financial statements are unclassified. A similar citation was also issued in the last audit report. The Board of Trustees should periodically review receipt and appropriation ledgers and compare to monthly financial reports. The Trustees should carefully review this information and make appropriate inquiries to help determine the continued integrity of the financial information. Without accurate financial information, the Board of Trustees cannot make informed decisions regarding the financial status of the Township.

FINDING NUMBER 1999-40436-003

Material Noncompliance/Material Weakness

Ohio Revised Code, Section 5705.41(D), prohibits a subdivision or taxing unit from making any contract or order involving the disbursement of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such a certificate shall be null and void and no warrant shall be issued in payment of any amount due thereon.

**CONCORD TOWNSHIP
SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998
(Continued)**

This Section also provides an "exception" to the above requirements:

If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was appropriated and free of previous encumbrances, the Board of Trustees may authorize the issuance of a warrant in payment of amount due upon such contract within thirty (30) days from the receipt of such certificate, if such disbursement is otherwise valid and if the amount involved is less than one thousand dollars (\$1,000), the fiscal officer may authorize it to be paid with such certification, but without affirmation of the Board of Trustees.

Although the Township utilizes purchase orders, the Clerk failed to prior certify the availability of funds before the invoice date for all expenditure transactions tested. Every effort should be made by the Township to certify the availability of funds and to properly utilize the encumbrance method of accounting by certifying funds on purchase orders. Failure to properly certify funds could result in overspending funds.

FINDING NUMBER 1999-40436-004

Material Noncompliance

Ohio Revised Code, Sections 5705.14, 5705.15 and 5705.16, outlines the provisions for the transfer of funds. Contrary to the above provisions, during 1998, the Township transferred \$15,782 from the FEMA Fund to the Gas Tax Fund. Transfers made between Special Revenue Funds are not permitted without a court order. Funds were expended from the Gas Tax Fund for repairs made which were authorized and payable from the FEMA grant. In order to make corrections, the Township authorized the transfer of funds to reduce the balance in the FEMA fund.

FINDING NUMBER 1999-40436-005

Material Noncompliance

Ohio Revised Code, Section 5705.41(B), prohibits the Township from making any expenditure unless it has been properly appropriated. Contrary to this Section, the Township made expenditures in the following funds which exceeded appropriations during 1998: Gas Tax Fund by \$10,728, Road and Bridge Fund by \$784 and FEMA Fund by \$15,782. Failure to limit expenditures to the amount appropriated could result in expenditure commitments exceeding resources available.

FINDING NUMBER 1999-40436-006

Material Noncompliance

Ohio Revised Code, Section 5705.39, prohibits appropriations from exceeding estimated resources as certified by the budget commission. Contrary to this Section, the Township had the following funds which had appropriations exceeding estimated resources during 1998: General Fund by \$1,439 and Gas Tax Fund by \$6,353.



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

CONCORD TOWNSHIP

HIGHLAND 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 12, 2000**