



Mary Taylor, CPA  
Auditor of State



CONCORD TOWNSHIP  
HIGHLAND COUNTY

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Mary Taylor, CPA  
Auditor of State

Concord Township  
Highland County  
2195 State Route 136  
Winchester, Ohio 45697

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your township 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. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

*Mary Taylor*

**Mary Taylor, CPA**  
Auditor of State

May 17, 2010

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Concord Township  
Highland County  
2195 State Route 136  
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, 2009 and 2008. 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. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. 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 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, 2009 and 2008 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, 2009 and 2008, 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 and reserves for encumbrances of Concord Township, Highland County, as of December 31, 2009 and 2008, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 17, 2010, 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.



**Mary Taylor, CPA**  
Auditor of State

May 17, 2010



**CONCORD TOWNSHIP  
HIGHLAND COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts:</b>			
Property and Local Taxes	\$29,697	\$29,407	\$59,104
Intergovernmental	35,738	109,998	145,736
Earnings on Investments	312	4	316
Miscellaneous	118		118
	<u>65,865</u>	<u>139,409</u>	<u>205,274</u>
<b>Cash Disbursements:</b>			
Current:			
General Government	33,316	4,895	38,211
Public Safety		21,878	21,878
Public Works	3,177	112,591	115,768
Health	6,801	5,580	12,381
	<u>43,294</u>	<u>144,944</u>	<u>188,238</u>
Total Receipts (Under) Disbursements	<u>22,571</u>	<u>(5,535)</u>	<u>17,036</u>
<b>Other Financing (Disbursements):</b>			
Other Financing Uses	<u>(69)</u>		<u>(69)</u>
Total Other Financing (Disbursements)	<u>(69)</u>	<u>0</u>	<u>(69)</u>
Excess of Cash Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	22,502	(5,535)	16,967
Fund Cash Balances, January 1	<u>7,132</u>	<u>35,547</u>	<u>42,679</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$29,634</u></b>	<b><u>\$30,012</u></b>	<b><u>\$59,646</u></b>
Reserve for Encumbrances, December 31	<u>\$60</u>	<u>\$29</u>	<u>\$89</u>

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

**CONCORD TOWNSHIP  
HIGHLAND COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts:</b>			
Property and Local Taxes	\$28,089	\$26,967	\$55,056
Intergovernmental	17,029	104,726	121,755
Earnings on Investments	9	2	11
Miscellaneous	198		198
	<u>45,325</u>	<u>131,695</u>	<u>177,020</u>
<b>Total Cash Receipts</b>			
	<u>45,325</u>	<u>131,695</u>	<u>177,020</u>
<b>Cash Disbursements:</b>			
Current:			
General Government	40,202	10,393	50,595
Public Safety		33,110	33,110
Public Works		106,974	106,974
Health	4,698		4,698
	<u>44,900</u>	<u>150,477</u>	<u>195,377</u>
<b>Total Cash Disbursements</b>			
	<u>44,900</u>	<u>150,477</u>	<u>195,377</u>
Total Receipts Over/(Under) Cash Disbursements	425	(18,782)	(18,357)
Fund Cash Balances, January 1	<u>6,707</u>	<u>54,329</u>	<u>61,036</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$7,132</u></u>	<u><u>\$35,547</u></u>	<u><u>\$42,679</u></u>

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

**CONCORD TOWNSHIP  
HIGHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008**

**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, Highland County, Ohio (the Township), as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides general governmental services and road and cemetery maintenance.

The Township is part of the Highland County Joint Township Hospital District, a jointly governed organization established for the public purpose of better providing for the health and welfare of the people primarily of Highland County. Trustees from each of the 17 townships of Highland County constitute the Highland County Joint Township Hospital Board of Trustees who appoints the Hospital Board of Governors which is composed of one member from each township and three at-large members.

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. Cash and Deposits**

The Township deposits all available funds in an interest earning checking account at a local commercial bank. All deposits 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 from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Fund:

**CONCORD TOWNSHIP  
HIGHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

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

**E. Budgetary Process**

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

**1. Appropriations**

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

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered 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.

A summary of 2009 and 2008 budgetary activity appears in Note 3.

**F. 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 Cash**

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

	<u>2009</u>	<u>2008</u>
Demand deposits	\$58,986	\$35,526
Certificates of deposit		7,153
Demand deposits	<u>\$58,986</u>	<u>\$42,679</u>

**CONCORD TOWNSHIP  
HIGHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

**2. Equity in Pooled Cash (Continued)**

The carrying amount at December 31, 2009 is \$660 less than the total fund cash balance at December 31, 2009 because the Township did not record a payment to OPERS in 2009.

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

**3. Budgetary Activity**

Budgetary activity for the years ending December 31, 2009 and 2008 follows:

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$57,468	\$65,865	\$8,397
Special Revenue	224,874	139,409	(85,465)
Total	\$282,342	\$205,274	(\$77,068)

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$37,836	\$43,423	(\$5,587)
Special Revenue	135,127	144,973	(9,846)
Total	\$172,963	\$188,396	(\$15,433)

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$34,091	\$45,325	\$11,234
Special Revenue	145,016	131,695	(13,321)
Total	\$179,107	\$177,020	(\$2,087)

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$46,216	\$44,900	\$1,316
Special Revenue	166,614	150,477	16,137
Total	\$212,830	\$195,377	\$17,453

Contrary to Ohio law, estimated receipts exceeded actual receipts in some funds, the excess was appropriated, and a reduced amended certificate was not received and appropriations reduced.

Contrary to Ohio law, no appropriation resolutions were filed with the County Auditor, therefore, the Auditor did not issue a certificate that appropriations were within estimated resources. Contrary to Ohio law, prior certification was not obtained for some expenditures. Also contrary to Ohio law, disbursements exceeded appropriations adopted by the Board in some funds.

**CONCORD TOWNSHIP  
HIGHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

**4. Property Tax**

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.

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, 2009 was as follows:

	Principal	Interest Rate
Road Grader Note	\$11,117	6.50%

The Road Grader Note is an unsecured general obligation note issued in 2005 to finance the purchase of a used road grader for road maintenance.

Amortization of the note, including interest, is scheduled as follows:

Year ending December 31:	Bank Note
2010	\$2,322
2011	2,322
2012	2,322
2013	2,322
2014	2,322
2015	1,862
Total	\$13,472

Debt payments were reported as General Government expenditures in the General Fund and as Public Works expenditures in the Special Revenue Funds in 2008. Debt payments were reported as Public Works expenditures in the General Fund and Special Revenue Funds in 2009.

**6. Retirement Systems**

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

**CONCORD TOWNSHIP  
HIGHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

**6. Retirement Systems (Continued)**

Ohio Revised Code also prescribes contribution rates. For 2009 and 2008, the OPERS member contributed 10% of gross salary and the Township contributed an amount equaling 14% of the participant's gross salary. The Township has paid all contributions required through December 31, 2009.

**7. 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.

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. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of OTARMA and provides underwriting, claims, loss control, risk management, and reinsurance services for OTARMA. OTARMA is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member townships pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

APEEP provides OTARMA with an excess risk-sharing program. Under this arrangement, OTARMA retains casualty risks up to an amount specified in the contracts. At December 31, 2008, OTARMA retained \$350,000 for casualty claims and \$100,000 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 township.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

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, 2008 and 2007 (the latest information available):

**CONCORD TOWNSHIP  
HIGHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

**7. Risk Management (Continued)**

	<u>2008</u>	<u>2007</u>
Assets	\$40,737,740	\$43,210,703
Liabilities	<u>(12,981,818)</u>	<u>(13,357,837)</u>
Net Assets	<u>\$27,755,922</u>	<u>\$29,852,866</u>

At December 31, 2008 and 2007, respectively, liabilities above include approximately \$12.1 and \$12.5 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$10.9 and \$11.6 million of unpaid claims to be billed to approximately 950 member townships in the future, as of December 31, 2008 and 2007, respectively. These amounts will be included in future contributions from members when the related claims are due for payment.

The Township's share of these unpaid claims collectible in future years is approximately \$1,926.

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>Township Contributions to OTARMA</u></b>	
2007	\$2,990
2008	2,831
2009	2,239

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA provided they provide written notice to OTARMA 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary 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 was incurred or reported prior to the withdrawal.





# Mary Taylor, CPA

Auditor of State

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

Concord Township  
Highland County  
2195 State Route 136  
Winchester, Ohio 45697

To the Township Board of Trustees:

We have audited the financial statements of Concord Township, Highland County, Ohio (the Township), as of and for the year ended December 31, 2009 and 2008, and have issued our report thereon dated May 17, 2010, wherein we noted the Township prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We also noted the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Audit of State's independence to audit the Township. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. 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. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of 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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented, or detected and timely corrected. We consider findings 2009-001 through 2009-003 described in the accompanying schedule of 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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2009-002 through 2009-005.

We also noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated May 17, 2010.

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

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

May 17, 2010

**CONCORD TOWNSHIP  
HIGHLAND COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2009 AND 2008**

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

**FINDING NUMBER 2009-001**

**Material Weakness**

When designing a public office's system of internal control and the specific control activities, management should consider:

- Ensuring that all transactions are properly authorized in accordance with management's policies; and
- Ensuring that accounting records are properly designed.

The Township did not properly post the following transactions to the proper account codes, and therefore they were reported in an incorrect account classification, by material amounts, on the financial statements:

Item	Amount	Proper Fund / Classification	Fund / Classification Posted
<b>2008</b>			
Receipts of local government distributions	\$12,756	General Fund - Intergovernmental	General Fund - Taxes
Receipts of auto registration distributions	11,816	Motor Vehicle License Tax Fund - Intergovernmental	Motor Vehicle License Tax Fund - Taxes
Disbursement to the county health department of inside millage	3,499	General Fund - Health	General Fund – General Government

Failure to properly post transactions resulted in inaccurate financial statements. The Fiscal Officer agreed to reclassifications to correctly report the above items, and the reclassifications were posted to the accompanying financial statements. The Fiscal Officer should review the chart of accounts in the *Ohio Township Handbook* to assure that items are being posted properly.

**FINDING NUMBER 2009-002**

**Noncompliance Citation / Material Weakness**

**Ohio Rev. Code, § 5705.36(A)(4)**, provides, in part, that upon a determination by the fiscal officer of a subdivision that the revenue to be collected by the subdivision will be less than the amount included in an official certificate and that the amount of the deficiency will reduce available resources below the level of current appropriations, the fiscal officer shall certify the amount of the deficiency to the commission, and the commission shall certify an amended certificate reflecting the deficiency.

Actual receipts were less than estimated receipts and the deficiency reduced available resources below the level of current appropriations by a material amount in the following Special Revenue Fund:

**FINDING NUMBER 2009-002  
 (Continued)**

Fund	Available Resources (Beginning Fund Balance Plus Actual Receipts)	Appropriations	Variance
<b>2008</b>			
Motor Vehicle License Tax Fund	\$14,959	\$24,683	(\$9,724)

Over estimating receipts could result in spending more funds than available. When it is determined receipts are going to be less than originally estimated, an amended certificate should be obtained and appropriations reduced, if necessary.

Also, the estimated receipts entered in the accounting system did not agree with estimated receipts certified by the budget commission on the latest amended certificate. Estimated receipts that were certified varied from those posted by material amounts as follows:

Fund	Estimated Receipts Certified by the Budget Commission	Estimated Receipts Posted	Variance
<b>2008</b>			
General Fund	\$34,091	\$43,200	(\$9,109)
<b>2009</b>			
Motor Vehicle License Tax Fund	30,473	14,568	15,905
Gasoline Tax Fund	148,322	90,020	58,301

Failure to post the estimated receipts certified by the budget commission into the accounting system resulted in the officials relying on inaccurate information. The officials should be sure that the estimated receipts from the most current amended certificate are entered into the accounting system.

**FINDING NUMBER 2009-003**

**Noncompliance Citation / Material Weakness**

**Ohio Rev. Code, § 5705.39**, provides, in part, that no appropriation measure shall become effective until the county auditor files with the appropriating authority a certificate that the total appropriations from each fund, taken together with all other outstanding appropriations, do not exceed such official estimate or amended official estimate. No appropriations were filed with the county auditor in 2008 or 2009, so the county auditor did not issue these certificates. Therefore, the appropriations adopted by the Board, and shown in the notes to the financial statements were not actually effective.

Additionally, **Ohio Rev. Code, § 5705.38(A)**, provides, in part, that on or about the first day of each year, the taxing authority of each subdivision shall pass an appropriation measure, and thereafter during the year it may pass any supplemental appropriation measures as it finds necessary.

**Ohio Rev. Code, § 5705.40**, provides, in part, that any appropriation ordinance or measure may be amended or supplemented, provided that such amendment or supplement shall comply with the provisions of law governing the taxing authority in making an original appropriation.

None of the supplemental appropriations posted to the accounting system had been approved by Board resolution. Appropriations posted to the accounting system did not agree with appropriations made by the Board by a material amount in the General Fund and Special Revenue Funds as follows:

**FINDING NUMBER 2009-003  
 (Continued)**

Fund	Appropriation Adopted by Board Resolution	Appropriations Posted in the Accounting System	Variance
<b>2008</b>			
General Fund	\$46,216	\$50,216	(\$4,000)
Fire Fund	9,000	34,109	(25,109)
<b>2009</b>			
General Fund	37,836	64,033	(26,197)
Road and Bridge Fund	11,365	20,522	(9,157)
Fire Levy Fund	0	23,300	(23,300)

Failure to file appropriations with the county auditor and to post only the appropriations that have been approved by the Board of Trustees increases the risk that funds could be overspent. The Township should file their appropriations with the county auditor and obtain the auditor's certificate each year. Only those appropriations that are adopted by the Board of Trustees should be posted in the accounting system.

**FINDING NUMBER 2009-004**

**Noncompliance Citation**

**Ohio Rev. Code, § 5705.41(B)**, provides that no subdivision shall make any expenditure of money unless it has been appropriated. Disbursements exceeded appropriations by a material amount in the General Fund and Special Revenue Funds in 2009. Disbursements exceeded appropriations as follows:

Fund	Appropriations Adopted by Board	Disbursements	Variance
<b>2008</b>			
Fire Levy Fund	9,000	34,084	(\$25,084)
<b>2009</b>			
General Fund	\$37,836	\$43,363	(5,527)
Road and Bridge Fund	11,365	30,124	(18,759)
Fire Levy Fund	0	22,182	(22,182)

This noncompliance citation occurred because more appropriations were posted in the accounting records than had been approved by the Board. Failure to properly record approved appropriations to the Township's accounting system increases the risk that funds could be overspent. Officials should review the appropriations and assure that only those approved by the Board have been posted to the accounting system.

**FINDING NUMBER 2009-005**

**Noncompliance Citation**

**Ohio Rev. Code, § 5705.41(D)(1)**, prohibits a subdivision or taxing unit from making any contract or giving any order involving the expenditure 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. This certificate need be signed only by the subdivision's fiscal officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

**FINDING NUMBER 2009-005**  
**(Continued)**

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" Certificate – If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Township can authorize the drawing of a warrant for the payment of the amount due. The Township has thirty days from the receipt of the "then and now" certificate to approve payment by resolution.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Township.

2. Blanket Certificate – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. Super Blanket Certificate – The Township may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expenses. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

Contrary to the above requirement, prior certification for expenditures was not obtained for 6 of 12 (50%) expenditures tested in 2008 and for 8 of 13 (62%) expenditures tested in 2009. The Fiscal Officer signed the certification preprinted on the voucher at the time of payment. Failure to certify the availability of funds and encumber appropriations could result in overspending and negative cash balances. Also as a result of not properly using prior certification, the Township had unrecorded reserves for encumbrances in the Special Revenue Funds in the amount of \$1,075 at December 31, 2008 and \$730 at December 31, 2009.

Unless the Township uses the exceptions noted above, prior certification is not only required by statute but also is a key control in the disbursement process to assure that purchase commitments received prior approval. To improve controls over disbursements and to help reduce the possibility of the Township's funds exceeding budgetary spending limitations, we recommend the Fiscal Officer certify that funds are or will be available prior to obligation by the Township. When prior certification is not possible "then and now" certification should be used, however, "then and now" certifications should only be used in limited circumstances when prior certificate is not possible, and should not be used to avoid prior certification.

**FINDING NUMBER 2009-005  
(Continued)**

We recommend the Township personnel obtain the Fiscal Officer's certification of the availability of funds prior to incurring the purchase commitment. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The Fiscal Officer should sign the certification at the time the Township incurs a commitment, and only when the requirements of 5705.41(D) are satisfied.

**We did not receive a response from officials to the findings above.**

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**CONCORD TOWNSHIP  
HIGHLAND COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2009 AND 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2007-01	Section 5705.34 resolution accepting tax amounts and rates not made	No	Partially Corrected – moved to management letter
2007-002	Section 5705.39 appropriations exceed total certified as available for appropriations	No	Not Corrected – Repeated as finding #2009-03
2007-003	Section 5705.41(D) prior certification for expenditures not obtained	No	Not Corrected – Repeated as finding #2009-05
2007-004	Receipts and expenditures not posted to the proper fund and/or account	No	Not Corrected -Repeated as finding #2009-01





**Mary Taylor, CPA**  
Auditor of State

**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  
JUNE 1, 2010**