

***CONCORD TOWNSHIP***

**CHAMPAIGN COUNTY**

**AUDIT REPORT**

**FOR THE YEARS ENDED DECEMBER 31, 2017 and 2016**







# 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, 2016 through December 31, 2017. 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. 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

October 25, 2018

**This page intentionally left blank.**

**CONCORD TOWNSHIP  
CHAMPAIGN COUNTY  
AUDIT REPORT  
For Years Ending December 31, 2017 and 2016**

**TABLE OF CONTENTS**

<u><b>Title</b></u>	<u><b>Page</b></u>
<b>Independent Auditors Report</b>	<b>1-3</b>
<b>Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances (Regulatory Cash Basis) – All Governmental Fund Types - For the Year Ended December 31, 2017</b>	<b>4</b>
<b>Notes to the Financial Statements – For the Year Ended December 31, 2017</b>	<b>5-10</b>
<b>Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances (Regulatory Cash Basis) – All Governmental Fund Types - For the Year Ended December 31, 2016</b>	<b>11</b>
<b>Notes to the Financial Statements – For the Year Ended December 31, 2016</b>	<b>12-17</b>
<b>Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i></b>	<b>18-19</b>
<b>Schedule of Findings</b>	<b>20-21</b>
<b>Prepared by Management:</b>	
<b>Schedule of Prior Audit Findings</b>	<b>22</b>
<b>Corrective Action Plan</b>	<b>23</b>

**This page intentionally left blank.**

Rockefeller Building  
614 W Superior Ave Ste 1242  
Cleveland OH 44113-1306  
Office phone - (216) 575-1630  
Fax - (216) 436-2411

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

---

## **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, 2017 and 2016.

### ***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 such 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 2 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 *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, 2017 and 2016, or changes in financial position thereof for the years then ended.

***Basis for Additional Opinion Qualification***

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, the Road and Bridge Fund and the Motor Vehicle Tax Fund the amounts of (\$47,864), (\$451), (\$9,588) and \$57,906, respectively.

During 2016 and 2017, the Township paid Trustee and Fiscal Officer salaries out of the General, Gasoline Tax and Road and Bridge funds, however \$7,292 of 2016 corresponding medical insurance was charged to the Motor Vehicle License Tax fund. During 2017 and 2016 amount of medical insurance paid out of the General Fund was less than what should have been charged, respectively by \$23,293 and \$17,299. The Township declined to make these adjustments. During 2017 and 2016 amount of medical insurance paid out of the Gasoline Tax Fund was more than what should have been charged, respectively by \$21,995 and \$9,253. The Township declined to make these adjustments. During 2017 and 2016 amount of medical insurance paid out of the Road and Bridge Fund was more than what should have been charged, respectively by \$1,299 and \$754. The Township declined to make these adjustments.

Had the Township agreed to the 2017 and 2016 adjustments and the prior audit adjustments dating back to 2006 and 2007, the effect would have resulted in negative General Fund cash fund balances at December 31, 2017 and 2016 of (\$74,513) and (\$50,866), respectively. Had the Township agreed to the 2017 and 2016 adjustments and the prior audit adjustments dating back to 2006 and 2007, the effect would have resulted in Gasoline Tax Fund cash fund balances at December 31, 2017 and 2016 of \$51,130 and \$36,959, respectively. Had the Township agreed to the 2017 and 2016 adjustments and the prior audit adjustments dating back to 2014, the effect would have resulted in negative Road and Bridge Fund cash fund balances at December 31, 2017 and 2016 of (\$4,522) and (\$5,415), respectively. Had the Township agreed to the 2016 adjustments and the audit adjustments dating back to 2006 and 2007, the effect would have resulted in Motor Vehicle License Tax Fund cash fund balances at December 31, 2017 and 2016 of \$85,020 and \$74,745, respectively.

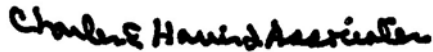
***Opinion on Regulatory Basis of Accounting***

In our opinion, except for the possible effects of the matter described in the *Basis for Additional Opinion Qualification* paragraph, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements, and related notes of Concord Township, Champaign County as of December 31, 2017 and 2016, and 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(D) permit, described in Note 2.



***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 30, 2018, 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.***

July 30, 2018

**This page intentionally left blank.**

**CONCORD TOWNSHIP  
CHAMPAIGN COUNTY, OHIO  
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES (REGULATORY CASH BASIS)  
All Governmental Fund Types  
For the Year Ended December 31, 2017**

	Governmental Fund Types		Totals (Memorandum Only)
	General	Special Revenue	
<b>Receipts:</b>			
Property Taxes	\$ 35,649	\$ 161,272	\$ 196,921
Intergovernmental	10,000	107,875	117,875
Fines, Licenses and Permits	1,663	-	1,663
Interest	138	245	383
Other	1,052	486	1,538
<b>Total Receipts</b>	<b>48,502</b>	<b>269,878</b>	<b>318,380</b>
<b>Disbursements:</b>			
<b>Current:</b>			
General Government	41,383	-	41,383
Public Safety	-	55,217	55,217
Public Works	-	148,817	148,817
Health	7,082	-	7,082
Capital Outlay	391	-	391
<b>Total Disbursements</b>	<b>48,856</b>	<b>204,034</b>	<b>252,890</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>(354)</b>	<b>65,844</b>	<b>65,490</b>
<b>Fund Cash Balance, January 1, 2017</b>	<b>14,297</b>	<b>248,107</b>	<b>262,404</b>
<b>Fund Cash Balance, December 31, 2017</b>			
Restricted	-	313,951	313,951
Unassigned	13,943	-	13,943
<b>Fund Cash Balance, December 31, 2017</b>	<b>\$ 13,943</b>	<b>\$ 313,951</b>	<b>\$ 327,894</b>

See Accompanying Notes to the Financial Statements.

**Concord Township**  
*Champaign County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

---

**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of Concord Township, Champaign County, Ohio (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 and cemetery maintenance. The Township contracts with the JSP Fire District to provide fire and EMS services, the Village of West Liberty to provide fire services, Urbana Township to provide fire services and Adams Township to provide fire services.

***Public Entity Risk Pool***

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. Note 6 to the financial statements provides additional information for this entity.

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

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types which are organized on a fund type basis.

***Fund Accounting***

The Township uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Township are presented below:

***General Fund*** The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

***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 Fund:

***Gasoline Tax Fund*** The gasoline tax fund accounts for and reports the receipt of a portion of gasoline tax funds restricted for the purpose of constructing, maintaining and repairing Township roads.

***Fire and EMS Fund*** The fire and EMS fund accounts for and reports the receipt of property tax monies restricted for the purpose of providing fire and EMS services to Township residents.

**Concord Township**  
*Champaign County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

---

**Note 2 – Summary of Significant Accounting Policies (continued)**

***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. 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 disbursements when a commitment is made (i.e., when an encumbrance is approved).

These 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.

***Budgetary Process***

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

***Appropriations*** Budgetary disbursements (that is, disbursements and encumbrances) may not exceed appropriations at the 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.

***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 approve estimated resources.

***Encumbrances*** The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year-end are carried over, and need not be re-appropriated.

A summary of 2017 budgetary activity appears in Note 3.

***Deposits and Investments***

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

***Capital Assets***

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*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

---

**Note 2 – Summary of Significant Accounting Policies (continued)**

***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. The classifications are as follows:

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

***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.

***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.

***Assigned*** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by the Township Trustees or a Township official delegated that authority by resolution, or by State Statute. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget in the General Fund.

***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.

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2017 follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 58,596	\$ 48,502	\$ (10,094)
Special Revenue	306,210	269,878	(36,332)

**Concord Township**  
*Champaign County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

**Note 3 – Budgetary Activity**

2017 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 72,893	\$ 48,856	\$ 24,037
Special Revenue	554,317	204,034	350,283

**Note 4 – Deposits and Investments**

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

	2017
Demand deposits	\$ 327,894

***Deposits***

Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the Ohio Pooled Collateral System (OPCS).

**Note 5 – 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.

**Note 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.

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.

**Concord Township**  
*Champaign County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

---

**Note 6 - Risk Management (continued)**

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, 2017, 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, 2017.

	<b>2017</b>
Assets	\$40,010,732
Liabilities	8,675,465
Net Position	\$31,335,267

At December 31, 2017 the liabilities above include approximately \$8.0 million of estimated incurred claims payable. The assets above also include approximately \$6.9 million of unpaid claims to be billed to approximately 1,016 member governments in the future, as of December 31, 2017. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2017, 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>2017 Contributions to OTARMA</u></b>
\$8,888

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.



**Concord Township**  
*Champaign County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

---

**Note 7 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

The Township's elected officials and employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. 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. OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2017.

***Social Security***

One employee of the Township contributes to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2% of their gross salaries. The Township contributed an amount equal to 6.2% of participants' gross salaries. The Township has paid all contributions required through December 31, 2017.

**Note 8 – Postemployment Benefits**

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 1% during calendar year 2017.

**Note 9 – Contingent Liabilities**

The Township may be a defendant in lawsuits. Although management cannot presently determine the outcome of any suit, management believes that the resolution of any matter will not materially adversely affect the Township's financial condition.

**CONCORD TOWNSHIP  
CHAMPAIGN COUNTY, OHIO  
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES (REGULATORY CASH BASIS)  
All Governmental Fund Types  
For the Year Ended December 31, 2016**

	Governmental Fund Types		Totals (Memorandum Only)
	General	Special Revenue	
<b>Receipts:</b>			
Property Taxes	\$ 36,954	\$ 163,452	\$ 200,406
Intergovernmental	8,236	106,729	114,965
Fines, Licenses and Permits	4,959	-	4,959
Interest	153	272	425
Other	805	379	1,184
<b>Total Receipts</b>	<b>51,107</b>	<b>270,832</b>	<b>321,939</b>
<b>Disbursements:</b>			
<b>Current:</b>			
General Government	34,257	-	34,257
Public Safety	-	61,528	61,528
Public Works	-	243,185	243,185
Health	8,476	-	8,476
Capital Outlay	-	59,522	59,522
<b>Total Disbursements</b>	<b>42,733</b>	<b>364,235</b>	<b>406,968</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>8,374</b>	<b>(93,403)</b>	<b>(85,029)</b>
<b>Fund Cash Balance, January 1, 2016</b>	<b>5,923</b>	<b>341,510</b>	<b>347,433</b>
<b>Fund Cash Balance, December 31, 2016</b>			
Restricted	-	248,107	248,107
Unassigned	14,297	-	14,297
<b>Fund Cash Balance, December 31, 2016</b>	<b>\$ 14,297</b>	<b>\$ 248,107</b>	<b>\$ 262,404</b>

See Accompanying Notes to the Financial Statements.

**Concord Township**  
*Champaign County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

---

**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of Concord Township, Champaign County, Ohio (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 and cemetery maintenance. The Township contracts with the JSP Fire District to provide fire and EMS services, the Village of West Liberty to provide fire services, Urbana Township to provide fire services and Adams Township to provide fire services.

***Public Entity Risk Pool***

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. Note 6 to the financial statements provides additional information for this entity.

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

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types which are organized on a fund type basis.

***Fund Accounting***

The Township uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Township are presented below:

***General Fund*** The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

***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 Fund:

***Gasoline Tax Fund*** The gasoline tax fund accounts for and reports the receipt of a portion of gasoline tax funds restricted for the purpose of constructing, maintaining and repairing Township roads.

***Road District Fund*** The road district fund accounts for and reports the receipt of property tax monies restricted for the purpose of constructing, maintaining and repairing Township roads.

**Concord Township**  
*Champaign County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

---

**Note 2 – Summary of Significant Accounting Policies (continued)**

***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. 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 disbursements when a commitment is made (i.e., when an encumbrance is approved).

These 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.

***Budgetary Process***

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

***Appropriations*** Budgetary disbursements (that is, disbursements and encumbrances) may not exceed appropriations at the 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.

***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 approve estimated resources.

***Encumbrances*** The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year-end are carried over, and need not be re-appropriated.

A summary of 2016 budgetary activity appears in Note 3.

***Deposits and Investments***

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

***Capital Assets***

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*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

---

**Note 2 – Summary of Significant Accounting Policies (continued)**

***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. The classifications are as follows:

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

***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.

***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.

***Assigned*** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by the Township Trustees or a Township official delegated that authority by resolution, or by State Statute. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget in the General Fund.

***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.

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2016 follows:

2016 Budgeted vs. Actual Receipts			
	Budgeted	Actual	
Fund Type	Receipts	Receipts	Variance
General	\$ 70,150	\$ 51,107	\$ (19,043)
Special Revenue	297,900	270,832	(27,068)

**Concord Township**  
*Champaign County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

---

**Note 3 – Budgetary Activity**

Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 76,073	\$ 42,733	\$ 33,340
Special Revenue	639,408	364,235	275,173

**Note 4 – Deposits and Investments**

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

	2016
Demand deposits	\$ 262,404

***Deposits***

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

**Note 5 – 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.

**Note 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.

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.

**Concord Township**  
*Champaign County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

---

**Note 6 - Risk Management (continued)**

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, 2016, 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, 2016.

	<b>2016</b>
Assets	\$38,473,283
Liabilities	8,244,140
Net Position	\$30,229,143

At December 31, 2016 the liabilities above include approximately \$7.4 million of estimated incurred claims payable. The assets above also include approximately \$6.9 million of unpaid claims to be billed to approximately 1,010 member governments in the future, as of December 31, 2016. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2016, 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>2016 Contributions to OTARMA</u></b>
\$8,511

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.

**Concord Township**  
*Champaign County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

---

**Note 7 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

The Township's elected officials and employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. 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. OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2016.

***Social Security***

One employee of the Township contributes to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2% of their gross salaries. The Township contributed an amount equal to 6.2% of participants' gross salaries. The Township has paid all contributions required through December 31, 2016.

**Note 8 – Postemployment Benefits**

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 2% during calendar year 2016.

**Note 9 – Contingent Liabilities**

The Township may be a defendant in lawsuits. Although management cannot presently determine the outcome of any suit, management believes that the resolution of any matter will not materially adversely affect the Township's financial condition.



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH 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, 2017 and 2016 and the related notes to the financial statements and have issued our report thereon dated July 30, 2018, 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 current and past audits.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. 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 corrected on a timely basis. 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 deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 2017-001 and 2017-002 to be material weaknesses.

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings as item 2017-002.

### ***Entity's Responses to Findings***

The Township's responses to the findings identified in our audit are described in the accompanying Corrective Action Plan. We did not audit the Township's responses and, accordingly, we express no opinion on them.

### ***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed in accordance with *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.***  
July 30, 2018

**CONCORD TOWNSHIP  
CHAMPAIGN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2017 AND 2016**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
--

**FINDING NUMBER 2017-001  
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 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 over a period of time.

**Official's Response:**

See Corrective Action Plan, page 23

**FINDING NUMBER 2017-002  
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 noted that the Township recorded trustee and fiscal officer medical insurance in a special revenue fund with no salary expense in 2016 in the amount of \$7,292. We also noted that the Township allocated medical insurance in higher percentages than salaries paid in 2017 and 2016 in the amounts of \$23,293 and \$10,007, 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 over a period of time.

**CONCORD TOWNSHIP  
CHAMPAIGN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2017 AND 2016**

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

**FINDING NUMBER 2017-002  
Material Weakness and Noncompliance Citation**

**(Continued)**

**Official's Response:**

See Corrective Action Plan, page 23

**CONCORD TOWNSHIP  
CHAMPAIGN COUNTY, OHIO  
For the Years Ended December 31, 2017 and 2016**

**SCHEDULE OF PRIOR AUDIT FINDINGS** – Prepared by Management

<b>FINDING NUMBER</b>	<b>FUNDING SUMMARY</b>	<b>STATUS</b>	<b>ADDITIONAL INFORMATION</b>
2015-001	Township has not booked audit adjustments from previous audits.	Not Corrected	Reissued as finding # 2017-001.
2015-001	Township incorrectly allocated health insurance costs to the funds.	Not Corrected	Reissued as finding # 2017-002.

CONCORD TOWNSHIP  
CHAMPAIGN COUNTY

CORRECTIVE ACTION PLAN-PREPARED BY MANAGEMENT  
December 31, 2017 and 2016

FINDING NUMBER	PLANNED CORRECTIVE ACTION	ANTICIPATED COMPLETION DATE	RESPONSIBLE CONTACT PERSON
2017-001	The Township understands the need to make the adjustments and the reasoning behind the adjustments. The Township will make partial adjustments as cash flow allows.	When cash flow allows	Penelope Dunlavy Fiscal Officer
2017-002	The Township understands the need to make the adjustments and the reasoning behind the adjustments. The Township will make partial adjustments as cash flow allows.	When cash flow allows	Penelope Dunlavy Fiscal Officer



# 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  
NOVEMBER 8, 2018**