

OHIO AUDITOR OF STATE
KEITH FABER



**Concord Township
Champaign County, Ohio**

**Fiscal Emergency Analysis
As of December 31, 2019**

Local Government Services

Concord Township, Champaign County

Fiscal Emergency Analysis

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OHIO AUDITOR OF STATE KEITH FABER



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Declaration of Fiscal Emergency

The Auditor of State performed a fiscal analysis of Concord Township, Champaign County pursuant to Section 118.03 of the Ohio Revised Code. This analysis indicates and it is hereby declared that a fiscal emergency exists at Concord Township, Champaign County as defined in Sections 118.03(A)(5) and 118.03(A)(6) of the Ohio Revised Code.

Accordingly, on behalf of the Auditor of State, this report is hereby submitted and filed with Brent Crumley, President of the Board of Trustees of Concord Township; Mike DeWine, Governor; Robert Sprague, Treasurer of State; Kim Murnieks, Director of the Office of Budget and Management; and Karen T. Bailey, Secretary of the Champaign County Budget Commission.

A handwritten signature in cursive script that reads "Keith Faber".

KEITH FABER
Auditor of State

March 3, 2020

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Concord Township, Champaign County

Fiscal Emergency Analysis

Introduction

As provided by Sections 118.021 and 118.04(A) of the Ohio Revised Code, the Board of Trustees requested that a fiscal analysis be performed by the Auditor of State for Concord Township, Champaign County (the Township). The purpose of the analysis is to determine if the financial condition of the Township justifies the declaration of a fiscal watch or fiscal emergency.

A township is placed in fiscal emergency if any one of six conditions described in Section 118.03 of the Ohio Revised Code exists. The six conditions are: 1) default on any debt obligation; 2) failure to make payment of all payroll; 3) an increase in the minimum levy of the township which results in the reduction in the minimum levy of another subdivision; 4) significant past due accounts payable; 5) substantial deficit balances in township funds; and 6) a sizeable deficiency when the township's treasury balance is compared to the positive cash balances of the township's funds.

The existence of the conditions described under Conditions four, five, and six of this report at year-end do not constitute a basis for the declaration of fiscal emergency if the Township clearly demonstrates to the satisfaction of the Auditor of State that the conditions no longer exist at the time of the determination. The Township has not requested that the determination be delayed nor provided substantial proof that it has taken steps to remove the conditions.

This report identifies the procedures performed and the conclusions reached with respect to each condition as of December 31, 2019.

Condition One - Default on Any Debt Obligation

Section 118.03(A)(1) of the Ohio Revised Code defines a fiscal emergency condition as:

The existence, at the time of the determination by the Auditor of State under Section 118.04 of the Revised Code, of a default on any debt obligation for more than thirty days.

The Township had no debt outstanding as of December 31, 2019.

Conclusion: A fiscal emergency condition does not exist under Ohio Revised Code Section 118.03(A)(1). The Township had no debt outstanding as of December 31, 2019.

Condition Two - Payment of All Payroll

Section 118.03(A)(2) of the Ohio Revised Code defines a fiscal emergency condition as:

The existence, at the time of the determination by the Auditor of State under Section 118.04 of the Revised Code, of a failure for lack of cash in the funds to make payment of all payroll to employees of the municipal corporation, county, or township in the amounts and at the times required by laws, ordinances, resolutions, or agreements, which failure of payment has continued:

- a. For more than thirty days after such time for payment, or
- b. Beyond a period of extension, or beyond the expiration of ninety days from the original time for payment, whichever first occurs, if the time for payment has been extended for more than thirty days by the written consent of at least two-thirds of the employees affected by such failure to pay, acting individually or by their duly authorized representatives.

We reviewed the payroll records of the Township as of December 31, 2019. We had a discussion with the Fiscal Officer to determine the employees of the Township, pay rates, frequency of payroll, and whether any extensions for the payment of payroll existed. We reviewed the cash journal and cancelled checks to determine whether Township employees had been paid within the time specified by Section 118.03(A)(2) of the Ohio Revised Code.

Conclusion: A fiscal emergency condition does not exist under Section 118.03(A)(2) of the Ohio Revised Code as of December 31, 2019. All employees have been paid in amounts and at the times required by resolutions.

Condition Three - Increase in Minimum Levy

Section 118.03(A)(3) of the Ohio Revised Code defines a fiscal emergency condition as:

An increase, by action of the county budget commission pursuant to division (D) of Section 5705.31 of the Revised Code, in the minimum levy of the municipal corporation, county, or township for the current or next fiscal year which results in a reduction in the minimum levies for one or more other subdivisions or taxing districts.

We confirmed with the Champaign County Budget Commission whether there had been an increase, pursuant to division (D) of Section 5705.31 of the Ohio Revised Code, in the minimum levy of the Township for 2019 which resulted in a reduction in the minimum levies for one or more other subdivisions or taxing districts. The confirmation received from the Champaign County Budget Commission indicated that the Budget Commission had not taken any action to increase the inside millage of the Township for 2019 and no other subdivision's inside millage was reduced.

Conclusion: A fiscal emergency condition does not exist under Section 118.03(A)(3) of the Ohio Revised Code as of December 31, 2019. The Champaign County Budget Commission has not taken any action to increase the inside millage of the Township, thus reducing another subdivision's inside millage.

Condition Four - Past Due Accounts Payable from the General Fund and All Funds

Section 118.03(A)(4) of the Ohio Revised Code defines a fiscal emergency condition as:

The existence of a condition in which all accounts that, at the end of its preceding fiscal year, were due and payable from the general fund and that either had been due and payable at least thirty days at the end of the fiscal year or to which a penalty has been added for failure to pay by the end of the fiscal year, including, but not limited to, final judgments, fringe benefits payments due and payable, and amounts due and payable to persons and other governmental entities and including any interest and penalties thereon, less the year-end balance in the general fund, exceeded one-sixth of the general fund budget for that year, or in which all accounts that, at the end of its preceding fiscal year, were due and payable from all funds of the municipal corporation, county, or township and that either had been due and payable for at least thirty days as at the end of the fiscal year or to which a penalty has been added for failure to pay by the end of the fiscal year less the year-end balance in the general fund and in the respective special funds lawfully available to pay such accounts exceeded one-sixth of the available revenues during the preceding fiscal year, excluding nonrecurring receipts, of the general fund and of all special funds from which such accounts lawfully are payable. Accounts due and payable shall not include any account, or portion thereof, that is being contested in good faith.

We reviewed accounts payable as of December 31, 2019, that were due from the general fund and from all other funds that were due and payable for at least thirty days, or to which a penalty had been added for failure to pay as of December 31, 2019, including but not limited to, final judgements, fringe benefits payments due and payable, and amounts due and payable to persons and other governmental entities including any interest and penalties for failure to pay. No accounts payable were found that had been due and payable for at least thirty days or had penalties for failure to pay. Therefore, no further analysis was performed.

Conclusion: A fiscal emergency condition does not exist as of December 31, 2019, under Section 118.03(A)(4) of the Ohio Revised Code. There were no accounts payable due from the general fund and from all other funds that were at least thirty days past due as of December 31, 2019.

Condition Five - Deficit Fund Balances

Section 118.03(A)(5) of the Ohio Revised Code defines a fiscal emergency condition as:

The existence of a condition in which the aggregate of deficit amounts of all deficit funds at the end of its preceding fiscal year, less the total of any year-end balance in the general fund and in any special fund that may be transferred as provided in Section 5705.14 of the Revised Code to meet such deficit, exceeded one-sixth of the total of the general fund budget for that year and the receipts to those deficit funds during that year other than from transfers from the general fund.

We computed the adjusted aggregate sum of all deficit funds as of December 31, 2019, by subtracting all accounts payable and encumbrances from the year-end cash fund balance of each fund. We then determined if the aggregate deficit fund balance exceeded one-sixth of the general fund budget and the receipts of those deficit funds. We then identified funds that may be transferred, as provided in Section 5705.14 of the Ohio Revised Code, to meet such deficits to arrive at the unprovided portion of the aggregate deficit.

Concord Township, Champaign County

Fiscal Emergency Analysis

Schedule I

Deficit Fund Balances
Ohio Revised Code Section 118.03(A)(5)
As of December 31, 2019

Fund	Cash Fund Balances	Less Accounts Payable and Encumbrances	Adjusted Aggregate Sum of Funds with Deficit Balances	One-Sixth of General Fund Budget/Fund Receipts	Unprovided Portion of Aggregate Deficit
General	(\$76,449)	\$0	(\$76,449)	\$12,508	(\$63,941)
Road and Bridge	(2,251)	0	(2,251)	5,974	0
Subtotal	(\$78,700)	\$0	(\$78,700)	\$18,482	(63,941)
Funds Available for Transfer					0
Total Unprovided Portion of Aggregate Deficit Funds					(\$63,941)

Conclusion: Schedule I indicate that a fiscal emergency condition exists under section 118.03(A)(5) of the Ohio Revised Code as of December 31, 2019. The total unprovided portion of the aggregate deficit funds as of December 31, 2019 is \$63,941.

Condition Six - Treasury Deficiency

Section 118.03(A)(6) of the Ohio Revised Code defines a fiscal emergency condition as:

The existence of a condition in which, at the end of the preceding fiscal year, moneys and marketable investments in or held for the unsegregated treasury of the municipal corporation, county, or township, minus outstanding checks and warrants were less in amount than the aggregate of the positive balances of the general fund and those special funds the purposes of which the unsegregated treasury is held to meet and such deficiency exceeded one-sixth of the total amount received into the unsegregated treasury during the preceding fiscal year.

We verified the Village's reconciled bank balances to its statement of cash position for all funds as of December 31, 2019, which included subtracting reconciling factors to arrive at a treasury balance. We then determined the aggregate sum of all positive fund cash balances, the purpose of which the unsegregated treasury is held to meet, to determine the treasury deficit. We then subtracted from the treasury deficit one-sixth of the amount received into the treasury during 2019 to determine if a treasury deficiency exists.

Schedule II

Treasury Balances
Ohio Revised Code Section 118.03(A)(6)
as of December 31, 2019

	Amounts at December 31, 2019
Bank Balance	
General Checking	\$456,425
Less Reconciling Factors for	
Outstanding Checks	(27,596)
Total Treasury Balance	428,829

(continued)

Concord Township, Champaign County

Fiscal Emergency Analysis

Schedule II

Treasury Balances
Ohio Revised Code Section 118.03(A)(6)
as of December 31, 2019
(continued)

	Amounts at December 31, 2019
Less Positive Fund Cash Balances	
Motor Vehicle License Tax	\$104,479
Gasoline Tax	106,620
Road District Levy	172,759
Fire and EMS	123,671
Total Positive Cash Fund Balances	<u>507,529</u>
Treasury Deficit	(78,700)
One-sixth of Treasury Receipts	<u>57,812</u>
Treasury Deficiency	<u>(\$20,888)</u>

Conclusion: Schedule II indicates that a fiscal emergency condition exists under Section 118.03(A)(6) of the Ohio Revised Code. The treasury deficit exceeded one-sixth of the treasury receipts at December 31, 2019, by \$20,888.

Summary

A fiscal emergency is the existence of at least one of the conditions defined above. This analysis indicates that a fiscal emergency exists at Concord Township, Champaign County as defined in Sections 118.03(A)(5) and 118.03(A)(6) of the Ohio Revised Code as presented in Schedules I and II above as of December 31, 2019.

Because the above procedures were not sufficient to constitute an audit made in accordance with generally accepted auditing standards, we do not express an opinion on any of the specific accounts and fund balances referred to above. Had we performed additional procedures or had we made an audit of the financial statements in accordance with generally accepted auditing standards, other matters might have come to our attention that would have been reported.

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OHIO AUDITOR OF STATE KEITH FABER



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
MARCH 3, 2020**