



***CONCORD TOWNSHIP, ROSS COUNTY***

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**Regular Audit**

**For the Years Ended December 31, 2006 and 2005**

**J.L. UHRIG**  
AND ASSOCIATES INC.

CERTIFIED PUBLIC ACCOUNTANT AND MANAGEMENT CONSULTANTS







# Mary Taylor, CPA

Auditor of State

Board of Trustees  
Concord Township  
985 Jamison Rd.  
Frankfort, OH 45628

We have reviewed the *Independent Auditor's Report* of Concord Township, Ross County, prepared by J.L. Uhrig and Associates, Inc., for the audit period January 1, 2005 to December 31, 2006. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditor's Report* on your financial statements. While the Auditor of State does not legally require your government 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. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditor's Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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 cursive script that reads "Mary Taylor".

Mary Taylor, CPA  
Auditor of State

May 21, 2007

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**CONCORD TOWNSHIP, ROSS COUNTY**  
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For the Years Ended December 31, 2006 and 2005

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## Independent Auditor's Report

Board of Trustees  
Concord Township, Ross County  
985 Jamison Road  
Frankfort, OH 45628

We have audited the accompanying financial statements of Concord Township, Ross County (the Township) as of and for the years ended December 31, 2006 and 2005. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described more fully in Note 2, the Township 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.

Revisions to GAAP would require the Township to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2006 and 2005. Instead of the combined funds the accompanying financial statements present 2006 and 2005, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2006 and 2005. 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 the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Township has elected not to reformat its statements. Since this Township does not use GAAP to measure financial statement amounts, 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, 2006 and 2005 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, 2006 and 2005, or its changes in financial position for the years then ended.

Board of Trustees  
Concord Township, Ross County  
Independent Auditor's Report

Also, in our opinion, the financial statements referred to in the first paragraph above present fairly, in all material respects, the combined fund cash balances of the Township, as of December 31, 2006 and 2005, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 2 describes.

The aforementioned revision to generally accepted accounting principles also requires the Township to include Management's Discussion and Analysis for the year ended December 31, 2006 and 2005. 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 a report dated March 29, 2007 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. While we do 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* and should be read in conjunction with this report when considering the results of our audit.

*J. L. Uhrig and Associates, Inc.*

J. L. UHRIG AND ASSOCIATES, INC.

March 29, 2007

**CONCORD TOWNSHIP, ROSS COUNTY**  
**Combined Statement of Cash Receipts, Cash Disbursements, and**  
**Changes in Fund Cash Balances**  
**All Governmental Fund Types and Nonexpendable Trust Fund**  
**For the Year Ended December 31, 2006**

	Governmental Fund Types					Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Nonexpendable Trust	
<b><u>Cash Receipts:</u></b>						
Local Taxes	\$35,599	\$168,769	\$0	\$0	\$0	\$204,368
Intergovernmental	129,853	140,977	3,858	59,150	0	333,838
Licenses, Permits, and Fees	0	13,250	1,800	0	0	15,050
Earnings on Investments	2,020	855	0	0	15	2,890
Other Revenue	532	17,033	0	0	0	17,565
<b>Total Cash Receipts</b>	<b>168,004</b>	<b>340,884</b>	<b>5,658</b>	<b>59,150</b>	<b>15</b>	<b>573,711</b>
<b><u>Cash Disbursements:</u></b>						
<i>Current:</i>						
General Government	82,215	30,000	0	0	0	112,215
Public Safety	0	69,962	0	0	0	69,962
Public Works	879	184,560	0	0	0	185,439
Health	20,454	26,984	0	0	0	47,438
<i>Debt Service:</i>						
Redemption of Principal	0	0	8,957	0	0	8,957
Interest and Fiscal Charges	0	0	1,104	0	0	1,104
Capital Outlay	0	27,778	0	59,150	0	86,928
<b>Total Cash Disbursements</b>	<b>103,548</b>	<b>339,284</b>	<b>10,061</b>	<b>59,150</b>	<b>0</b>	<b>512,043</b>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<b>64,456</b>	<b>1,600</b>	<b>(4,403)</b>	<b>0</b>	<b>15</b>	<b>61,668</b>
<b>Fund Cash Balances, January 1</b>	<b>19,560</b>	<b>305,703</b>	<b>8,899</b>	<b>4,759</b>	<b>3,518</b>	<b>342,439</b>
<b><i>Fund Cash Balances, December 31</i></b>	<b><u>\$84,016</u></b>	<b><u>\$307,303</u></b>	<b><u>\$4,496</u></b>	<b><u>\$4,759</u></b>	<b><u>\$3,533</u></b>	<b><u>\$404,107</u></b>
<b>Reserve for Encumbrances, December 31</b>	<b><u>\$0</u></b>	<b><u>\$9,000</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$9,000</u></b>

See accompanying notes to the financial statements.

**CONCORD TOWNSHIP, ROSS COUNTY**  
**Combined Statement of Cash Receipts, Cash Disbursements, and**  
**Changes in Fund Cash Balances**  
**All Governmental Fund Types and Nonexpendable Trust Fund**  
**For the Year Ended December 31, 2005**

	Governmental Fund Types				Nonexpendable Trust	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects		
<b><u>Cash Receipts:</u></b>						
Local Taxes	\$34,372	\$163,875	\$0	\$0	\$0	\$198,247
Intergovernmental	84,434	233,328	7,210	4,759	0	329,731
Charges for Services	0	4,600	0	0	0	4,600
Licenses, Permits, and Fees	0	18,700	1,850	0	0	20,550
Earnings on Investments	1,498	440	0	0	13	1,951
Other Revenue	512	86,540	0	0	0	87,052
<b>Total Cash Receipts</b>	<b>120,816</b>	<b>507,483</b>	<b>9,060</b>	<b>4,759</b>	<b>13</b>	<b>642,131</b>
<b><u>Cash Disbursements:</u></b>						
<i>Current:</i>						
General Government	96,002	12,737	0	0	0	108,739
Public Safety	0	48,505	0	0	0	48,505
Public Works	30,508	136,338	0	0	0	166,846
Health	6,685	40,986	0	0	0	47,671
<i>Debt Service:</i>						
Redemption of Principal	0	0	7,748	0	0	7,748
Interest and Fiscal Charges	0	0	2,312	0	0	2,312
Capital Outlay	0	189,073	0	0	0	189,073
<b>Total Cash Disbursements</b>	<b>133,195</b>	<b>427,639</b>	<b>10,060</b>	<b>0</b>	<b>0</b>	<b>570,894</b>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<b>(12,379)</b>	<b>79,844</b>	<b>(1,000)</b>	<b>4,759</b>	<b>13</b>	<b>71,237</b>
<b>Fund Cash Balances, January 1</b>	<b>31,939</b>	<b>225,859</b>	<b>9,899</b>	<b>0</b>	<b>3,505</b>	<b>271,202</b>
<b><i>Fund Cash Balances, December 31</i></b>	<b><u>\$19,560</u></b>	<b><u>\$305,703</u></b>	<b><u>\$8,899</u></b>	<b><u>\$4,759</u></b>	<b><u>\$3,518</u></b>	<b><u>\$342,439</u></b>
<b>Reserve for Encumbrances, December 31</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

See accompanying notes to the financial statements.

**CONCORD TOWNSHIP, ROSS COUNTY**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2006 and 2005**

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**Note 1 – Reporting Entity**

Concord Township, Ross County, Ohio (the Township), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly elected three-member Board of Trustees. The Township also has an elected Township Fiscal Officer.

The Township provides general government services, maintenance of Township roads and bridges, maintenance of cemeteries, fire protection and emergency medical services.

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 Accounting**

The Township's financial statements were prepared on the cash basis of accounting. This method differs from generally accepted accounting principles because receipts are recognized when received in cash rather than when earned, and disbursements are recognized when a payment is made rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

**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:

**General Fund:** The General Fund is the general operating fund. It is used to account for all financial resources, except those required by law or contracted to be restricted.

**Special Revenue Funds:** These funds are used to account for proceeds from specific sources (other than trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

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

*Road and Bridge Fund* – This fund receives real estate tax, tangible personal property tax and homestead and rollback tax money for constructing, maintaining and repairing Township roads and bridges.

*Fire Levy Fund* – This fund receives real estate tax, tangible personal property tax and homestead and rollback tax money to provide fire fighting and emergency services to the Township.

**CONCORD TOWNSHIP, ROSS COUNTY**  
*Notes to the Financial Statements*  
*For the Years Ended December 31, 2006 and 2005*

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

Debt Service Fund: This fund accounts for resources the Township accumulates to pay note debt. The Township had the following Debt Service Fund:

*General Bond (Note) Retirement Fund* - This fund receives real estate and gasoline tax money to retire the debt the Township has incurred.

Capital Projects Funds: These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Township had the following significant Capital Projects Funds:

*Issue II Fund* - The Township received a grant from the State of Ohio to repair and maintain Township roads.

*CDBG Fund* - The Township received funding to assist in repair and maintenance of Township roads.

Fiduciary Funds (Trust Funds): These funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Township to maintain the corpus of the trust, the fund is classified as a Nonexpendable trust fund. The Township had the following Nonexpendable Trust Funds:

*Nonexpendable Trust Fund* - Per the terms of the trust agreement the interest earnings can be expended. The corpus must remain intact.

Budgetary Process

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

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 Ross County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year-end.

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

Encumbrances: The Ohio Revised Code requires the Township to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are canceled and reappropriated in the subsequent year.

A summary of 2006 and 2005 budgetary activity appears in Note 4.

Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's basis of accounting.

**CONCORD TOWNSHIP, ROSS COUNTY**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2006 and 2005**

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**Note 3 – Cash and Investments**

The Township maintains a cash pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The Township had no investments at year end. The carrying amount of cash at year end was as follows:

	December 31, 2006	December 31, 2005
Demand Deposits	\$404,107	\$342,439

*Deposits:* Deposits are insured by the Federal Depository Insurance Corporation and collateralized by the financial institution's public entity deposit pool.

**Note 4 – Budgetary Basis of Accounting**

The Township's budgetary activity for the years ending December 31, 2006 and December 31, 2005 was as follows:

2006 Budgeted vs. Actual Receipts

Fund Type	Receipts		Variance
	Budgeted	Actual	
General	\$190,986	\$168,004	(\$22,982)
Special Revenue	294,447	340,884	46,437
Debt Service	1,162	5,658	4,496
Capital Projects	26,000	59,150	33,150
<i>Total</i>	\$512,595	\$573,696	\$61,101

2006 Budgeted vs. Actual Budgetary Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$124,772	\$103,548	\$21,224
Special Revenue	592,397	339,284	253,113
Debt Service	10,061	10,061	0
Capital Projects	30,759	59,150	(28,391)
<i>Total</i>	\$757,989	\$512,043	\$245,946

**CONCORD TOWNSHIP, ROSS COUNTY**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2006 and 2005**

**Note 4 – Budgetary Basis of Accounting** -(Continued)

2005 Budgeted vs. Actual Receipts

Fund Type	Receipts		Variance
	Budgeted	Actual	
General	\$118,005	\$120,816	\$2,811
Special Revenue	388,963	507,483	118,520
Debt Service	250	9,060	8,810
Capital Projects	0	4,759	4,759
<i>Total</i>	<u>\$507,218</u>	<u>\$642,118</u>	<u>\$134,900</u>

2005 Budgeted vs. Actual Budgetary Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$145,000	\$133,195	\$11,805
Special Revenue	494,907	427,639	67,268
Debt Service	10,149	10,060	89
Capital Projects	0	0	0
<i>Total</i>	<u>\$650,056</u>	<u>\$570,894</u>	<u>\$79,162</u>

**Note 5- Debt**

Debt outstanding at December 31, 2006 and 2005 was as follows:

	Interest Rate	2006 Principal	2005 Principal
Maintenance Garage Note	5.75%	\$10,507	\$16,974
Kubota-Tractor Mower (Cemetery) Note	3.50%	5,000	7,500
<b>Total</b>		<u>\$15,517</u>	<u>\$24,474</u>

The Township obtained a note in order to construct a maintenance garage to house Township equipment in 1999. The remainder of the note will be repaid in annual installments of \$7,299 including interest over six years. The note is collateralized by the Township's taxing authority.

The Township obtained a note in order to purchase equipment, a Kubota tractor, to use to maintain the cemetery in 2004. The note is to be repaid in four equal payments of \$2,500 plus interest at 3.5%. The note is collateralized by the Township's taxing authority.

**CONCORD TOWNSHIP, ROSS COUNTY**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2006 and 2005**

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**Note 5- Debt – (Continued)**

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

Year ending December 31:	Garage	Mower
2007	\$7,299	\$2,675
2008	7,299	2,587
Total	\$14,598	\$5,262

**Note 6– Property Taxes**

Real property taxes become a lien on January 1 proceeding the October 1 date for which rates are adopted by Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as intergovernmental receipts. Payments are due to the County by December 31. If the property owner elects to make semi-annual payments, the first half is due December 31, and 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 April 30.

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

**Note 7 – Risk Management**

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2006 and 2005, the Township contracted for various types of insurance coverage as follows:

Company	Type of Coverage	Amount of Coverage
Ohio Government Risk Management Plan	Commercial Property	\$980,475
	General Liability	1,000,000
	Wrongful Acts	1,000,000
	Inland Marine	118,300
	Vehicle	1,000,000

Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The System administers and pays all claims.

**CONCORD TOWNSHIP, ROSS COUNTY**  
*Notes to the Financial Statements*  
*For the Years Ended December 31, 2006 and 2005*

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**Note 8 – Retirement Systems**

**A. Ohio Public Employees Retirement System**

The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the year ended December 31, 2006, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 9 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary; members in public safety contributed 9 percent. The Township's contribution rate for pension benefits for 2006 was 9.2 percent, except for those plan members in law enforcement or public safety. For those classifications, the Township's pension contributions were 13.7 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

For the year ended December 31, 2005, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 8.5 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary; members in public safety contributed 9 percent. The Township's contribution rate for pension benefits for 2005 was 9.55 percent, except for those plan members in law enforcement or public safety. For those classifications, the Township's pension contributions were 13.55 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2006, 2005, and 2004 were \$10,734, \$10,267, and \$13,685, respectively. The full amount has been contributed for 2006, 2005 and 2004. Contributions to the member-directed plan for 2006 were \$15,985 and for 2005 were \$14,568.

**CONCORD TOWNSHIP, ROSS COUNTY**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2006 and 2005**

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**Note 9 - Postemployment Benefits**

**A. Ohio Public Employees Retirement System**

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2006 local government employer contribution rate was 13.7 percent of covered payroll (16.7 percent for public safety and law enforcement); 4.50 percent of covered payroll was the portion that was used to fund health care. The 2005 local government employer contribution rate was 13.55 percent of covered payroll (16.7 percent for public safety and law enforcement); 4.50 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2006, include a rate of return on investments of 6.50 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.30 percent based on additional annual pay increases. Health care premiums were assumed to increase between .50 and 6.00 percent annually for the next nine years and 4.00 percent annually after nine years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

At December 31, 2006, the number of active contributing participants in the traditional and combined plans was 369,214. Actual employer contributions which were used to fund postemployment benefits for 2006 were \$5,251 and for 2005 were \$4,301. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2005, (the latest information available) were \$11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$31.3 billion and \$20.2 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

**Report on Internal Control over Financial Reporting  
and on Compliance and Other Matters Required by  
Government Auditing Standards**

Board of Trustees  
Concord Township, Ross County  
985 Jamison Road  
Frankfort, OH 45628

We have audited the accompanying financial statements of Concord Township, Ross County, Ohio (the Township), as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated March 29, 2007, wherein we noted that the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

**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 expressing our opinion on the financial statements, but not to opine 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.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Township's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Township's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Board of Trustees  
Concord Township, Ross County  
Report on Internal Control over Financial Reporting  
and on Compliance and Other Matters Required by  
Government Auditing Standards

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to the Township's management in a separate letter dated March 29, 2007.

This report is intended for the information and use of the Board of Trustees, management, and audit committee, and is not intended to be and should not be used by anyone other than these specified parties.

*J. L. Uhrig and Associates, Inc.*

J. L. UHRIG AND ASSOCIATES, INC.

March 29, 2007



**Mary Taylor, CPA**  
Auditor of State

**CONCORD TOWNSHIP**

**ROSS 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  
MAY 31, 2007**