



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

CONCORD TOWNSHIP
CHAMPAIGN COUNTY

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STATE OF OHIO
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REPORT OF INDEPENDENT ACCOUNTANTS

Concord Township
Champaign County
6239 Millerstown Eris Road
Urbana, Ohio 43078

To the Board of Trustees:

We have audited the accompanying financial statements of Concord Township, Champaign County, (the "Township"), as of and for the years ended December 31, 2001 and 2000. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Township as of December 31, 2001 and 2000, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2002 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. 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 in considering the results of our audit.

This report is intended solely for the information and use of the audit committee, management, the Board of Trustees and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized flourish at the end.

Jim Petro
Auditor of State

April 30, 2002

**CONCORD TOWNSHIP
CHAMPAIGN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

| | <u>Governmental Fund Types</u> | | <u>Totals (Memorandum Only)</u> |
|--|--------------------------------|----------------------------|---|
| | <u>General</u> | <u>Special Revenue</u> | |
| Cash Receipts: | | | |
| Local Taxes | \$16,499 | \$68,615 | \$85,114 |
| Intergovernmental | 13,059 | 68,179 | 81,238 |
| Licenses, Permits, and Fees | 4,197 | | 4,197 |
| Earnings on Investments | 3,193 | 4,662 | 7,855 |
| Other Revenue | 44,850 | 32,143 | 76,993 |
| | <u>81,798</u> | <u>173,599</u> | <u>255,397</u> |
| Total Cash Receipts | | | |
| Cash Disbursements: | | | |
| Current: | | | |
| General Government | 31,987 | | 31,987 |
| Public Safety | | 14,817 | 14,817 |
| Public Works | | 86,566 | 86,566 |
| Health | 5,762 | | 5,762 |
| Conservation - Recreation | | 6,051 | 6,051 |
| Debt Service: | | | |
| Redemption of Principal | | 22,250 | 22,250 |
| Interest and Fiscal Charges | | 249 | 249 |
| | <u>37,749</u> | <u>129,933</u> | <u>167,682</u> |
| Total Cash Disbursements | | | |
| Total Receipts Over Disbursements | 44,049 | 43,666 | 87,715 |
| Fund Cash Balances, January 1 | <u>114,423</u> | <u>121,724</u> | <u>236,147</u> |
| Fund Cash Balances, December 31 | <u><u>\$158,472</u></u> | <u><u>\$165,390</u></u> | <u><u>\$323,862</u></u> |

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

**CONCORD TOWNSHIP
CHAMPAIGN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

| | <u>Governmental Fund Types</u> | | <u>Totals (Memorandum Only)</u> |
|---|--------------------------------|----------------------------|---|
| | <u>General</u> | <u>Special Revenue</u> | |
| Cash Receipts: | | | |
| Local Taxes | \$16,876 | \$71,730 | \$88,606 |
| Intergovernmental | 31,066 | 132,281 | 163,347 |
| Licenses, Permits, and Fees | 7,392 | | 7,392 |
| Earnings on Investments | 3,916 | 5,875 | 9,791 |
| Other Revenue | 65 | 331 | 396 |
| | <u>59,315</u> | <u>210,217</u> | <u>269,532</u> |
| Total Cash Receipts | | | |
| Cash Disbursements: | | | |
| Current: | | | |
| General Government | 24,552 | | 24,552 |
| Public Safety | | 23,105 | 23,105 |
| Public Works | | 134,334 | 134,334 |
| Health | 6,169 | | 6,169 |
| Conservation - Recreation | | 22,347 | 22,347 |
| Debt Service: | | | |
| Redemption of Principal | | 60,300 | 60,300 |
| Interest and Fiscal Charges | | 1,410 | 1,410 |
| Capital Outlay | 654 | 7,319 | 7,973 |
| | <u>31,375</u> | <u>248,815</u> | <u>280,190</u> |
| Total Cash Disbursements | | | |
| Total Receipts Over/(Under) Disbursements | <u>27,940</u> | <u>(38,598)</u> | <u>(10,658)</u> |
| Fund Cash Balances, January 1 | <u>86,483</u> | <u>160,322</u> | <u>246,805</u> |
| Fund Cash Balances, December 31 | <u><u>\$114,423</u></u> | <u><u>\$121,724</u></u> | <u><u>\$236,147</u></u> |

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

**CONCORD TOWNSHIP
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Concord Township, Champaign County, (the "Township"), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides general government services, road and bridge maintenance, cemetery maintenance, fire protection, and emergency medical services. The Township also owns a park which is leased to the Concord Community Center. The Champaign County Sheriff's Department provides security of persons and property.

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

B. Basis of Accounting

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

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

C. Cash and Investments

The Township utilized an interest bearing checking account for all of its funds.

D. Fund Accounting

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

1. General Fund

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

2. Special Revenue Funds

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

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

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

**CONCORD TOWNSHIP
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Park Fund - This fund receives grant money and donations to pay for development of the park.

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled and reappropriated in the subsequent year. The Township did not encumber all commitments required by Ohio law which resulted in a violation of Ohio Rev. Code Section 5705.41(D).

A summary of 2001 and 2000 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

| | | |
|-----------------|------------------|------------------|
| | 2001 | 2000 |
| Demand deposits | <u>\$323,862</u> | <u>\$236,147</u> |

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by securities specifically pledged by the financial institution to the Township,

**CONCORD TOWNSHIP
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

At August 31, 2001, October 31, 2001, and November 30, 2001 the township's deposits lacked sufficient pledged collateral in the amounts of \$28,894, \$9,303 and \$45,785, respectively which violated Ohio Rev. Code Section 135.18(A).

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2001 and 2000 follows:

| 2001 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|------------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$37,509 | \$81,798 | \$44,289 |
| Special Revenue | 274,040 | 173,599 | (100,441) |
| Total | \$311,549 | \$255,397 | (\$56,152) |

| 2001 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|-----------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$151,932 | \$37,749 | \$114,183 |
| Special Revenue | 395,765 | 129,933 | 265,832 |
| Total | \$547,697 | \$167,682 | \$380,015 |

| 2000 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|------------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$32,952 | \$59,315 | \$26,363 |
| Special Revenue | 251,125 | 210,217 | (40,908) |
| Total | \$284,077 | \$269,532 | (\$14,545) |

| 2000 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|-----------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$119,435 | \$31,375 | \$88,060 |
| Special Revenue | 411,447 | 248,815 | 162,632 |
| Total | \$530,882 | \$280,190 | \$250,692 |

**CONCORD TOWNSHIP
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Township.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

5. RETIREMENT SYSTEMS

The Township's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000 through December 31, 2000. The Township has paid all contributions required through December 31, 2001.

6. RISK MANAGEMENT

Risk Pool Membership

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. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

OTARMA retains casualty risks up to \$250,000 per occurrence. Claims exceeding \$250,000 are reinsured with APEEP up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000, which the General Reinsurance Corporation will reinsure.

**CONCORD TOWNSHIP
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

6. RISK MANAGEMENT (Continued)

If losses exhaust OTARMA's retained earnings, APEEP covers OTARMA losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

Property Coverage

OTARMA retains property risks including automobile physical damage up to \$100,000 on any specific loss. The Travelers Indemnity Company reinsures specific losses exceeding \$100,000. The Travelers Indemnity Company also provides aggregate excess coverage for property including automobile physical damage subject to an annual stop loss. When the stop loss is reached in any year, The Travelers Indemnity Company provides coverage in excess of \$10,000.

The aforementioned casualty and property reinsurance agreements do 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 report the following assets, liabilities and retained earnings at December 31:

| <u>Casualty Coverage</u> | <u>2001</u> | <u>2000</u> |
|--------------------------|---------------------|---------------------|
| Assets | \$23,703,776 | \$22,684,383 |
| Liabilities | <u>9,379,003</u> | <u>8,924,977</u> |
| Retained earnings | <u>\$14,324,773</u> | <u>\$13,759,406</u> |

| | <u>2001</u> | <u>2000</u> |
|--------------------------|--------------------|--------------------|
| <u>Property Coverage</u> | | |
| Assets | \$5,011,131 | \$4,156,784 |
| Liabilities | <u>647,667</u> | <u>497,831</u> |
| Retained earnings | <u>\$4,363,464</u> | <u>\$3,658,953</u> |

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**STATE OF OHIO
OFFICE OF THE AUDITOR**

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

Concord Township
Champaign County
6239 Millerstown Eris Road
Urbana, Ohio 43078

To the Board of Trustees:

We have audited the accompanying financial statements of Concord Township, Champaign County, (the "Township"), as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated April 30, 2002. 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.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on 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 instances of noncompliance that are required to be reported under *Government Auditing Standards*, which are described in the accompanying schedule of findings as items 2001-40311-001 and 2001-40311-002. We also noted an immaterial instance of noncompliance which we have reported to the management of the Township in a separate letter dated April 30, 2002.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted a matter involving the internal control over financial reporting that does not require inclusion in this report that we have reported to management of the Township in a separate letter dated April 30, 2002.

Concord Township
Champaign County
Report of Independent Accountants on Compliance and
on Internal Control Required by *Government Auditing Standards*
Page 2

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a horizontal line extending to the right.

Jim Petro
Auditor of State

April 30, 2002

CONCORD TOWNSHIP
CHAMPAIGN COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2001 AND 2000

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

FINDING NUMBER 2001-40311-001

Noncompliance Citation

Ohio Rev. Code Section 57605.41 (D) states that no order or contract involving the expenditure of money is to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

The following exceptions to this basic requirement are provided by statute:

Then and Now Certificate: This exception provides that, if the fiscal officer can certify that both at the time that the contract or order was made and at the time that he is completing his certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrances, the taxing authority can authorize the drawing of a warrant. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.

Amounts less than \$1,000 for townships may be paid by the fiscal officer without such certificate of the taxing authority upon completion of the "then and now" certificate, provided that the expenditures is otherwise lawfull. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

The Township used "then and now," certificates for all expenditures. However, the Board of Trustees failed to approve the certificates for transactions of more than \$1,000 which represented nine percent of all transactions. Procedures should be implemented to help assure that "then and now" certificates are properly authorized by the Board of Trustees. In addition, the Township should attempt to prior certify expenditures to help prevent the violation of other Ohio Rev. Code Sections and the unauthorized obligation of Township funds.

FINDING NUMBER 2001-40311-002

Noncompliance Citation

Ohio Rev. Code Section 135.18 (A) states the treasurer must require the institution designated as a public depository to pledge to the treasurer, as security for the repayment of all public moneys to be deposited in the public depository during the period of designation, eligible securities of aggregate market value equal to the excess of the amount of public moneys to be at the time so deposited, over and above such portion or amount of such money as is at such time insured by the federal deposit insurance corporation.

At August 31, 2001, October 31, 2001, and November 30, 2001, the Township's deposits lacked sufficient pledged collateral in the amounts of \$28,894, \$9,303 and \$45,785, respectively.

The Township should implement monitoring procedures that require the frequent review of bank collateral statements to help assure that sufficient collateral is pledged for their deposits.

CONCORD TOWNSHIP
CHAMPAIGN COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
FISCAL YEAR END
DECEMBER 31, 2001 AND 2000

| Finding Number | Finding Summary | Fully Corrected? | Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain: |
|----------------|-----------------------------------|---------------------|--|
| 1999-40311-001 | Ohio Rev. Code Section 5705.41(D) | Partially Corrected | Repeated in report as finding number 2001-40311-001 |



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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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
JUNE 18, 2002**