



**CONCORD TOWNSHIP  
LAKE COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2003 & 2002**



**Auditor of State  
Betty Montgomery**



**CONCORD TOWNSHIP  
LAKE COUNTY**

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Concord Township  
Lake County  
7229 Ravenna Road  
Concord, Ohio 44077

To the Board of Trustees:

We have audited the accompanying financial statements of Concord Township, Lake County, Ohio (the Township) as of and for the years ended December 31, 2003 and December 31, 2002. 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.

The Township's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Governmental Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the Township because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code §117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11 (B) and 115.56 mandate the Auditor of State to audit Ohio governments.

We believe 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 generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Concord Township, Lake County, Ohio, as of December 31, 2003 and December 31, 2002, 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 28, 2004 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.

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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 Section 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

April 28, 2004

**CONCORD TOWNSHIP  
LAKE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2003**

	Governmental Fund Types			Fiduciary Funds	Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Non-Expendable Trust	
<b>Cash Receipts:</b>					
Local Taxes	\$552,309	\$3,138,764	\$0	\$0	\$3,691,073
Intergovernmental	336,198	531,197	\$75,371	0	942,766
Special Assessments	0	30,020	0	0	30,020
Licenses, Permits, and Fees	89,847	0	0	0	89,847
Fines, Forfeitures, and Penalties	1,708	0	0	0	1,708
Earnings on Investments	81,243	2,301	0	\$60	83,604
Other Revenue	296,527	89,678	0	0	386,205
	<u>1,357,832</u>	<u>3,791,960</u>	<u>75,371</u>	<u>60</u>	<u>5,225,223</u>
Total Cash Receipts					
<b>Cash Disbursements:</b>					
Current:					
General Government	897,550	3,150	0	0	900,700
Public Safety	50	1,748,294	0	0	1,748,344
Public Works	36,049	1,336,438	0	0	1,372,487
Health	0	15,391	0	0	15,391
Conservation - Recreation	182,057	0	0	0	182,057
Capital Outlay	0	100,167	78,467	0	178,634
	<u>1,115,706</u>	<u>3,203,440</u>	<u>78,467</u>	<u>0</u>	<u>4,397,613</u>
Total Cash Disbursements					
Total Receipts Over/(Under) Disbursements	<u>242,126</u>	<u>588,520</u>	<u>(3,096)</u>	<u>60</u>	<u>827,610</u>
<b>Other Financing Receipts and (Disbursements):</b>					
Transfers-In	125,456	0	2,816	0	128,272
Transfers-Out	(2,816)	0	(125,456)	0	(128,272)
Other Uses	0	0	0	0	0
	<u>122,640</u>	<u>0</u>	<u>(122,640)</u>	<u>0</u>	<u>0</u>
Total Other Financing Receipts/(Disbursements)					
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	364,766	588,520	(125,736)	60	827,610
Fund Cash Balances, January 1, 2003	<u>1,014,355</u>	<u>1,758,012</u>	<u>125,736</u>	<u>6,467</u>	<u>2,904,570</u>
<b>Fund Cash Balances, December 31, 2003</b>	<b><u>\$1,379,121</u></b>	<b><u>\$2,346,532</u></b>	<b><u>\$0</u></b>	<b><u>\$6,527</u></b>	<b><u>\$3,732,180</u></b>
Reserve for Encumbrances, December 31, 2003	<u>\$530,454</u>	<u>\$1,082,283</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,612,737</u>

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

**CONCORD TOWNSHIP  
LAKE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	Governmental Fund Types			Fiduciary Fund	Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Non-Expendable Trust	
<b>Cash Receipts:</b>					
Local Taxes	\$539,436	\$2,596,065	\$0	\$0	\$3,135,501
Intergovernmental	677,711	423,418	\$50,085	0	1,151,214
Special Assessments	0	32,131	0	0	32,131
Licenses, Permits, and Fees	81,884	0	0	0	81,884
Fines, Forfeitures, and Penalties	637	0	0	0	637
Earnings on Investments	53,145	1,499	0	\$170	54,814
Other Revenue	161,589	54,730	0	0	216,319
	<u>1,514,402</u>	<u>3,107,843</u>	<u>50,085</u>	<u>170</u>	<u>4,672,500</u>
Total Cash Receipts					
<b>Cash Disbursements:</b>					
Current:					
General Government	777,066	6,874	0	0	783,940
Public Safety	40	1,553,045	0	0	1,553,085
Public Works	170,857	1,338,309	0	0	1,509,166
Health	0	18,987	0	0	18,987
Conservation - Recreation	142,322	0	0	0	142,322
Capital Outlay	0	69,481	88,807	0	158,288
	<u>1,090,285</u>	<u>2,986,696</u>	<u>88,807</u>	<u>0</u>	<u>4,165,788</u>
Total Cash Disbursements					
Total Receipts Over/(Under) Disbursements	<u>424,117</u>	<u>121,147</u>	<u>(38,722)</u>	<u>170</u>	<u>506,712</u>
<b>Other Financing Receipts and (Disbursements):</b>					
Transfers-In	0	0	164,458	0	164,458
Transfers-Out	(164,458)	0	0	0	(164,458)
Other Uses	0	0	0	0	0
	<u>(164,458)</u>	<u>0</u>	<u>164,458</u>	<u>0</u>	<u>0</u>
Total Other Financing Receipts/(Disbursements)					
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	259,659	121,147	125,736	170	506,712
Fund Cash Balances, January 1, 2002	754,696	1,636,865	0	6,297	2,397,858
<b>Fund Cash Balances, December 31, 2002</b>	<u><b>\$1,014,355</b></u>	<u><b>\$1,758,012</b></u>	<u><b>\$125,736</b></u>	<u><b>\$6,467</b></u>	<u><b>\$2,904,570</b></u>
Reserve for Encumbrances, December 31, 2002	<u>\$163,493</u>	<u>\$469,383</u>	<u>\$75,118</u>	<u>\$0</u>	<u>\$707,994</u>

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



**CONCORD TOWNSHIP  
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Concord Township, Lake County, Ohio, (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 road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services.

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**

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Investments are included in fund cash balances. The savings bonds and Federal Agency Securities are valued at cost and the money market account and purchase agreement are recorded at cost.

**D. Fund Accounting**

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

**1. General Fund**

The General Fund 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 and Bridge Fund* - This fund receives property tax money for constructing, maintaining and repairing Township roads and bridges.

**CONCORD TOWNSHIP  
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Fund Accounting (Continued)**

**2. Special Revenue Funds (Continued)**

*Fire Levy* – This fund receives property tax money to provide fire protection to Township residents.

*Road Levy* – This fund receives property tax money for constructing, maintaining and repairing Township roads.

**3. Capital Project Funds**

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Township had the following significant capital project fund:

*Fay Road Slope* - The Township received an Issue II grant from the State of Ohio toward the Fay Road Slope Stabilization project.

**4. Fiduciary Funds (Trust Funds)**

These funds are used to account for resources restricted by legally binding trust agreements. The Township had the following significant fiduciary fund:

*Non-Expendable Cemetery Trust Fund* – This is a cemetery bequest fund whose earned interest is to be used to maintain certain grave sites in the Township cemetery.

**E. Budgetary Process**

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

**1. Appropriations**

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

**2. Estimated Resources**

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

**CONCORD TOWNSHIP  
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Budgetary Process (Continued)**

**3. Encumbrances**

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

A summary of 2003 and 2002 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.

**G. 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.

**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:

	2003	2002
Demand deposits	(\$83,240)	\$6,100
Savings bonds	3,000	3,000
Money market account	60,188	113,680
Total deposits	(20,052)	122,780
Federal Home Loan Mortgage Corporation Bonds	329,207	512,675
Federal Home Loan Bank Bonds	2,722,066	837,243
Federal National Mortgage Association Bonds	292,428	1,057,661
Repurchase agreement	408,531	374,211
Total investments	3,752,232	2,781,790
Total deposits and investments	\$3,732,180	\$2,904,570

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

**Investments:** The Federal Agency securities are held in book-entry form by the Federal Reserve, in the name of the Township's financial institution. The financial institution maintains records identifying the Township as owner of these securities.

The Township's financial institution holds securities to collateralize the repurchase agreement. The securities are not in the Township's name.

**CONCORD TOWNSHIP  
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2003 and December 31, 2002 follows:

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,323,796	\$1,483,288	\$159,492
Special Revenue	3,661,900	3,791,960	130,060
Capital Projects	78,100	78,187	87
Fiduciary	0	60	60
Total	\$5,063,796	\$5,353,495	\$289,699

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,260,977	\$1,648,976	\$612,001
Special Revenue	5,374,557	4,285,723	1,088,834
Capital Projects	203,923	203,923	0
Fiduciary	0	0	0
Total	\$7,839,457	\$6,138,622	\$1,700,835

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,460,594	\$1,514,402	\$53,808
Special Revenue	3,005,246	3,107,843	102,597
Capital Projects	164,458	214,543	50,085
Fiduciary	0	170	170
Total	\$4,630,298	\$4,836,958	\$206,660

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,000,214	\$1,418,236	\$581,978
Special Revenue	4,619,383	3,456,079	1,163,304
Capital Projects	164,458	163,925	533
Fiduciary	0	0	0
Total	\$6,784,055	\$5,038,240	\$1,745,815

**CONCORD TOWNSHIP  
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the 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.

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 certified Fire Fighters belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Public Employees Retirement System (OPERS) of Ohio. OP&F and PERS are cost-sharing, multiple-employer plans. These plans provide 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. For 2003 and 2002, members of OP&F participants contributed 10% of their wages. The Township contributed an amount equal to 24% of their wages to OP&F. OPERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2003 and 2002. The Township has paid all contributions required through December 31, 2003.

**6. RISK MANAGEMENT**

**Commercial Insurance**

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

The Township also provides health insurance and dental and life to full-time employees through a private carrier.

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## **Auditor of State Betty Montgomery**

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

Concord Township  
Lake County  
7229 Ravenna Road  
Concord, Ohio 44077

To the Board of Trustees:

We have audited the accompanying financial statements of Concord Township, Lake County, Ohio (the Township) as of and for the years ended December 31, 2003 and December 31, 2002, and have issued our report thereon dated April 28, 2004 wherein we noted that the Township's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the Township because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated April 28, 2004.

#### **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 other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated April 28, 2004.

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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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

April 28, 2004





**Auditor of State  
Betty Montgomery**

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**CONCORD TOWNSHIP**

**LAKE 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  
JULY 1, 2004**