



**CONCORD TOWNSHIP
HIGHLAND COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2001-2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

CONCORD TOWNSHIP
HIGHLAND COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Concord Township
Highland County
1350 Redkey Road
Winchester, Ohio 45697

To the Board of Trustees:

We have audited the accompanying financial statements of Concord Township, Highland County, Ohio (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 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 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 May 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 management, the Board 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". The signature is stylized with a large, looping initial "J" and a long horizontal stroke extending to the right.

Jim Petro
Auditor of State

May 30, 2002

**CONCORD TOWNSHIP
HIGHLAND 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**

	Governmental Fund Types		Totals
	General	Special Revenue	(Memorandum Only)
Cash Receipts:			
Local Taxes	\$ 20,979	\$ 17,278	\$ 38,257
Intergovernmental	38,956	71,334	110,290
Earnings on Investments	601	217	818
Other Revenue	2,186	3,200	5,386
 Total Cash Receipts	 62,722	 92,029	 154,751
Cash Disbursements:			
Current:			
General Government	36,338		36,338
Public Safety	234	6,226	6,460
Public Works	21,773	90,736	112,509
Health	4,957		4,957
Debt Service Principal and Interest	3,022		3,022
Capital Outlay	73		73
 Total Cash Disbursements	 66,397	 96,962	 163,359
 Total Receipts Over/(Under) Disbursements	 (3,675)	 (4,933)	 (8,608)
 Fund Cash Balances, January 1	 4,115	 30,232	 34,347
 Fund Cash Balances, December 31	 \$ 440	 \$ 25,299	 \$ 25,739
 Reserve for Encumbrances, December 31	 \$ 0	 \$ 78,937	 \$ 78,937

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

**CONCORD TOWNSHIP
HIGHLAND 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**

	Governmental Fund Types		Totals
	General	Special Revenue	(Memorandum Only)
Cash Receipts:			
Local Taxes	\$ 16,756	\$ 15,901	\$ 32,657
Intergovernmental	22,596	67,810	90,406
Earnings on Investments	451	342	793
Other Revenue	3,074	3,325	6,399
 Total Cash Receipts	 42,877	 87,378	 130,255
Cash Disbursements:			
Current:			
General Government	34,048		34,048
Public Safety		8,686	8,686
Public Works	776	81,809	82,585
Health	4,302		4,302
Debt Service - Principal and Interest	934	3,977	4,911
 Total Cash Disbursements	 40,060	 94,472	 134,532
 Total Receipts Over/(Under) Disbursements	 2,817	 (7,094)	 (4,277)
 Fund Cash Balances, January 1	 1,298	 37,326	 38,624
 Fund Cash Balances, December 31	 \$ 4,115	 \$ 30,232	 \$ 34,347

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

**CONCORD TOWNSHIP
HIGHLAND COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Concord Township, Highland 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, and fire protection services. The Township contracts with the Village of Mowrystown to provide fire protection 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 Deposits

Certificates of deposit are valued 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:

Motor Vehicle License Tax Fund

This fund receives motor vehicle license tax money for constructing, maintaining and repairing Township roads.

Gasoline Tax Fund

This fund receives gasoline tax money for constructing, maintaining and repairing Township roads.

**CONCORD TOWNSHIP
HIGHLAND COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Road and Bridge Fund

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

Fire Levy Fund

This fund receives the proceeds from a tax levy for providing fire protections for Township residents.

Permissive Motor Vehicle License Tax Fund

This fund receives proceeds from the permissive motor vehicle license tax levied by Highland County on all motor vehicle licenses sold in the Township for constructing, maintaining and repairing Township roads.

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.

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. The Township did not encumber all commitments required by Ohio law. At year end the Township had at least \$78,937 purchase commitments outstanding that had not been encumbered. The budgetary presentations have been adjusted to include material items that should have been encumbered.

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

**CONCORD TOWNSHIP
HIGHLAND COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 DEPOSITS

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

	2001	2000
Demand deposits	\$19,112	\$27,906
Certificates of deposit	6,627	6,441
Total deposits and investments	\$25,739	\$34,347

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

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	\$59,659	\$62,723	\$3,064
Special Revenue	96,590	92,029	(4,561)
Total	\$156,249	\$154,752	(\$1,497)

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$72,032	\$66,397	\$5,635
Special Revenue	125,270	175,899	(50,629)
Total	\$197,302	\$242,296	(\$44,994)

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$45,220	\$42,877	(\$2,343)
Special Revenue	95,550	87,378	(8,172)
Total	\$140,770	\$130,255	(\$10,515)

**CONCORD TOWNSHIP
HIGHLAND COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$46,175	\$40,060	\$6,115
Special Revenue	114,500	94,472	20,028
Total	\$160,675	\$134,532	\$26,143

Contrary to Ohio law, budgetary appropriations exceeded the total amount certified as available for appropriation by the County Budget Commission in the General Fund by \$6,226 and Motor Vehicle License Tax Fund by \$500 for the year ended December 31, 2001, and in the Gasoline Tax Fund by \$5,803 for the year ended December 31, 2000.

Also contrary to Ohio law, at December 31, 2001, the Township had at least \$78,937 purchase commitments which had not been encumbered. These unrecorded encumbrances are included in the 2001 Special Revenue Budgetary Expenditures shown above, which created the \$50,629 negative variance shown between the appropriation authority and the budgetary expenditures.

Estimated receipts exceeded actual receipts and actual receipts were less than appropriations in several funds, contrary to Ohio law.

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 elected officials and 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.

**CONCORD TOWNSHIP
HIGHLAND COUNTY**

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

5. RETIREMENT SYSTEMS (Continued)

Contribution rates are also prescribed by the Ohio Revised Code. For 2001 and 2000, 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

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

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

7. UNPAID AND UNENCUMBERED PURCHASE COMMITMENTS

At December 31, 2001, the Township had at least \$78,937 purchase commitments which had not been encumbered. These expenditures were for road improvements made during 2001 that were due and payable at year end.

8. MATERIAL NONCOMPLIANCE

- The Township posted receipts to incorrect funds, which required fund balance adjustments.
- The Township did not pass a resolution authorizing the necessary tax levies and certifying said levies to the County Auditor as required by Ohio law.
- The Township amended appropriations posted to the financial records which were not officially adopted by the Board by resolution. Budgetary presentation in Note 3 only includes appropriations officially adopted by the Board of Trustees.
- The Township's annual financial reports prescribed by the Ohio Admin. Code were incomplete and inaccurate.
- The Township did not post transactions in accordance with the chart of accounts prescribed by the Ohio Admin Code which required reclassifications.

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

Concord Township
Highland County
1350 Redkey Road
Winchester, Ohio 45697

To the Board of Trustees:

We have audited the accompanying financial statements of Concord Township, Highland County, Ohio (the Township), as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated May 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 2001-40436-001 through 2001-40436-009. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated May 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. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Township's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 2001-40436-001, 2001-40436-007, 2001-40436-009 and 2001-40436-010.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable conditions described above as items 2001-40436-001, 2001-40436-007, 2001-40436-009, and 2001-40436-010 are material weaknesses. We also 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 May 30, 2002.

This report is intended solely for the information and use of 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", written in a cursive style.

Jim Petro
Auditor of State

May 30, 2002

**CONCORD TOWNSHIP
HIGHLAND COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2001 AND 2000**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2001-40436-001

Noncompliance Citation/Reportable Condition

Ohio Rev. Code, Sections 121.22, 149.43 and 507.04, when read together, impose a duty on boards of trustees to maintain full and accurate record of their proceedings. Minute records lacked important information as follows:

1. Annual appropriation resolutions for 2000 and 2001 did not include the amounts.
2. Appropriation transfers approved in the minutes of November 5 and December 3, 2001 did not include the amounts approved.
3. Amended certificates were not approved.
4. The resolution accepting tax amounts and rates filed during 2001 was not recorded in the minutes.
5. Bids opened June 19, 2000 were not listed in the minute records and minutes did not state if the lowest and best bid was accepted.
6. The minute records for the period April through December 2000 were not signed by the Clerk.
7. The minute records of April 2, 2001 were not signed by the Board Chairman.

We also noted weakness in the procedures used in recording and handling the official Board minutes. Minutes were also hand written in the official minute record in pencil. Minutes were taken out of the record book and presented as loose pages for audit. The minutes are the official record of the Board of Trustee actions. Failure to include all pertinent information concerning Board actions increases the risk that the actions could be misinterpreted or not followed. Failure to record the official records in permanent ink increases the risk that the record could be changed or deleted. Failure to keep minute pages in a permanent binder increases the risk that records could be lost or misplaced.

FINDING NUMBER 2001-40436-002

Noncompliance Citation

Ohio Rev. Code, Section 5705.10, provides that revenue from a special source other than general property taxes shall be credited to a special fund established for that purpose. Homestead and rollback distributions of \$952 due to the Road and Bridge Fund and \$956 due to the Fire Levy Fund were credited to the General Fund during 2001. Homestead and rollback distribution of \$722 due to the Road and Bridge Fund and \$969 due to the Fire Levy Fund were credited to the General Fund during 2000. The Clerk made fund balance adjustments on May 30, 2002 to correct these improper posting, and these receipts are correctly reported on the accompanying financial statements.

FINDING NUMBER 2001-40436-003

Noncompliance Citation

Ohio Rev. Code, Section 5705.34, provides that each taxing authority shall authorize the necessary tax levies for the following year and certify them to the County Auditor before the first day of October in each year. This resolution form was not filed with the County Auditor until November 8, 2001. No resolution was filed with the County Auditor during 2000. The minute records did not reveal that the Trustees made this resolution in either year.

FINDING NUMBER 2001-40436-004

Noncompliance Citation

Ohio Rev. Code, Section 5705.36, requires that a reduced amended certificate be obtained if actual receipts for the year are less than estimated receipts and the amount of the deficiency will reduce available resources below the appropriations. For the year 2001 the certified estimated resources in the Motor Vehicle License Tax Fund were \$16,883. Appropriations were \$17,333. However actual receipts plus beginning balance were only \$15,980. Therefore the deficiency reduced actual available resources below the level of appropriations by \$1,353. Appropriations should not have been made in amounts greater than available resources.

Also in the year 2001, the certified estimated resources and appropriations in the Gasoline Tax Fund were \$60,883, however beginning fund balance and actual receipts were only \$55,752. Therefore the deficiency reduced actual available resources below the level of appropriations by \$5,131.

For the year 2000, certified estimated resources in the General Fund was \$49,450. Appropriations were \$46,175. However actual receipts plus beginning balance were only \$45,832. Therefore, the deficiency reduced actual available resources below the level of appropriations by \$343.

Also in the year 2000, the certified estimated resources in the Motor Vehicle License Tax Fund was \$28,924. Appropriations were \$23,000. However actual receipts plus beginning fund balance was only \$22,067. Therefore, the deficiency reduced available resources below the level of appropriations by \$933.

Additionally in the year 2000, the certified estimated resources in the Gasoline Tax Fund was \$63,197. Appropriations were \$69,000. However actual receipts plus beginning fund balance was only \$59,967. Therefore, the deficiency reduced available resources below the level of appropriations by \$9,033. Appropriations should not have been made in amounts greater than available resources.

Ohio Rev. Code, Section 5705.36, also requires that an increased amended certificate be obtained for revenue collected in an amount greater than the amount on the official certificate of estimated resources, if the legislative authority intends to appropriate and expend the additional revenue. For the year 2001, the certified estimated resources for the General Fund was \$65,805, appropriations were \$72,032, and expenditures were \$66,397. Actual receipts plus beginning fund balance was \$70,417. Therefore the certified resources could have been increased by \$4,612, which would provide certified resources sufficient for the amount of expenditures. However, appropriations were made that exceeded the amount certified as available for appropriations.

FINDING NUMBER 2001-40436-005

Noncompliance Citation

Ohio Rev. Code, Section 5705.39, provides that the total appropriations from each fund shall not exceed the total of the estimated resources available for expenditures as certified by the budget commission. For the year 2001, \$72,032 was appropriated in the General fund but only \$65,806 had been certified, and \$17,333 was appropriated in the Motor Vehicle License Tax Fund but only \$16,883 had been certified. Therefore appropriations exceeded certified resources by \$6,226 in the General Fund and by \$500 in the Motor Vehicle License Tax Fund. For the year 2000, \$69,000 was appropriated in the Gasoline Tax Fund but only \$63,197 had been certified. Therefore appropriations exceeded certified resources by \$5,803.

FINDING NUMBER 2001-40436-006

Noncompliance Citation

Ohio Rev. Code, Section 5705.40, provides that the appropriation measure may be amended or supplemented, provided that such amendment or supplement shall comply with all provisions of law governing the taxing authority in making the original appropriation. Additional appropriations and appropriation transfers within funds were posted to the accounting records that had not been made by Board resolution as required. The budget information presented in Note 3 includes only actions approved by the Board.

FINDING NUMBER 2001-40436-007

Noncompliance Citation/Material Weakness

Ohio Rev. Code, 5705.41(D), provides that a subdivision or taxing unit shall not make any contract or order involving the disbursement of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Every such contract made without such a certificate shall be null and void and no warrant shall be issued in payment.

This section also provides two "exceptions" to the above requirements:

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

**FINDING NUMBER 2001-40436-007
(Continued)**

The Clerk's certification is not only required by Ohio law, but is also a key control in the disbursements process. Failure to obtain proper certification of funds resulted in disbursements being made without adequate current resources being available. At December 31, 2001 the Township had entered into purchase commitments for at least \$78,937 and the goods or services had been received, but the Township did not have adequate current resources to pay for these purchase commitments.

Prior certification should be obtained for all disbursements. In instances when prior certification are not practical, "then and now" certification should be made.

FINDING NUMBER 2001-40436-008

Noncompliance Citation

Ohio Admin. Code, 117-2-03, requires each taxing district to submit an annual financial report made in accordance with forms prescribed by the Auditor of State. The Township filed reports for 2001 and 2000; however, they were not properly completed. The following deficiencies were found on the 2001 annual financial report submitted for audit:

1. The General Fund figures reported on the Combined Statement of Receipts, Disbursements, and Changes in Balances did not foot to the ending fund balance reported.
2. The Special Revenue and Total Memorandum Only columns on the Combined Statement were not completed.
3. The figures reported on the Combining Statement of Receipts, Disbursements, and Changes in Balances for the Road and Bridge Fund, Fire District Fund, and Permissive Motor Vehicle License Tax Fund did not foot to the ending fund balances reported.
4. The Road and Bridge Fund Taxes from the workbook were carried to the Combining Statement and entered on the line for Intergovernmental receipts.
5. The Actual Receipts figures on the Comparison of Budgeted and Actual Receipts did not foot to the total reported.
6. The figures reported on in the Reserve of Encumbrances as of Preceding Dec. 21, 2000 column of the Comparison of Disbursements and Encumbrances With Expenditure Authority were the 12-31-00 fund balances, not the encumbrances.
7. The Variance column of the Comparison of Disbursements and Encumbrances With Expenditure Authority was not completed except for the Gasoline Tax Fund.
8. The truck loan debt retired during 2001 was not reported on the Schedule of Outstanding Debt.

The following deficiencies were found on the 2000 annual financial report submitted for audit:

1. Fund Cash Balance, January 1 and Fund Cash Balance, December 31 were not reported on the Combined Statement of Receipts, Disbursements, and Changes in Balances.
2. The Special Revenue and Total Memorandum Only columns on the Combined Statement of Receipts, Disbursements, and Changes in Balances were not completed.
3. Fund Cash Balances, January 1 and Fund Cash Balance, December 31 on the Combining Statement of Receipts, Disbursements and Changes in Balances were not reported.

**FINDING NUMBER 2001-40436-008
(Continued)**

4. The receipts and disbursements for the Fire Levy Fund were not reported on the Combining Statement of Receipts, Disbursements and Changes in Balances.
5. The Comparison of Budgeted and Actual Receipts and the Comparison of Disbursements and Encumbrances With Expenditure Authority statements were not completed.
6. The Schedule of Outstanding Debt was not completed.

FINDING NUMBER 2001-40436-009

Noncompliance Citation/Material Weakness

Ohio Admin. Code, 117-7-01, provides the township chart of accounts detailing receipt and expenditure classification to be used by townships. The proper classifications can help demonstrate legal compliance, financial accountability and to provide management with information for decision making. Several transactions were found to have been improperly posted. All material adjustments were posted to the accompanying financial statements.

The Clerk and Trustees should review the chart of accounts and familiarize themselves with the proper account codes for receipts and disbursements. The Board of Trustees should periodically review receipt and appropriation ledgers to check that transactions have been properly recorded. Without accurate financial information, the Board cannot make informed decisions regarding the financial status of the Township.

FINDING NUMBER 2001-40436-010

Material Weakness

The Township Officials have not properly followed Ohio laws as reflected in this audit and the past several audits. These noncompliance problems appear to be caused by a lack of knowledge and training of officials. Failure to properly follow the laws as required creates an environment which promotes possible fraud or misappropriation of assets and resulted in unnecessary charges that could have been avoided.

We strongly recommend that the Trustees and Clerk attend training on the proper procedures to follow in recording Township records and in conducting Township business. In addition, the Trustees and Clerk should read and study the Ohio Revised Code, Ohio Administrative Code, and Ohio Township Manual to learn the laws required to be followed to more effectively manage the Township.

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**CONCORD TOWNSHIP
HIGHLAND COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FISCAL YEAR END**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
1999-40436-001	Ohio Revised Code, Section 117.38 – 1998 annual report was incomplete and inaccurate. 1999 annual report was not filed.	No	Not Corrected - Annual reports were filed but were incomplete and inaccurate. This finding was reissued as finding 2001-40436-008
1999-40436-002	Ohio Admin. Code, 117-3-01 – Several transactions were improperly posted.	No	Not Corrected. – This finding was reissued as finding 2001-40436-009, but law chanted from 117-3-01 to 117-7-01.
1999-40436-003	Ohio Revised Code, Section 5705.41(D) – Prior certification for expenditures not obtained.	No	Not Corrected – This finding was reissued as finding 2001-40436-007.
1999-40436-006	Ohio Revised Code, Section 5705.39 – Appropriations exceeded estimated resources.	No	Not Corrected. – This finding was reissued as finding 2001-40436-005



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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CONCORD TOWNSHIP

HIGHLAND 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 16, 2002**