



**Auditor of State
Betty Montgomery**

CONCORD TOWNSHIP
ROSS COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter	1
Independent Accountants' Report.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types and Non Expendable Trust Fund- For the Year Ended December 31, 2004	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types and Non Expendable Trust Fund - For the Year Ended December 31, 2003.....	6
Notes to the Financial Statements	7
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	13

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**Auditor of State
Betty Montgomery**

Concord Township
Ross County
985 Jamison Rd.
Frankfort, Ohio 45628

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your Township 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. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in black ink that reads "Betty Montgomery".

Betty Montgomery
Auditor of State

September 30, 2005

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Concord Township
Ross County
985 Jamison Rd
Frankfort, Ohio 45628

To the Board of Trustees:

We have audited the accompanying financial statements of Concord Township, Ross County, Ohio, (the Township) as of and for the years ended December 31, 2004 and 2003. 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 processes its financial transactions with 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 audit 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 our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Township has 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, 2004. Instead of the combined funds the accompanying financial statements present for 2004 (and 2003), the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2004. 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.

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In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 2004 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, 2004, or its changes in financial position for the year then ended.

Also, 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, Ross County, Ohio, as of December 31, 2004 and 2003, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 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, 2004. 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 our report dated September 30, 2005, 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 grant agreements and other matters. While we did 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*. You should read it in conjunction with this report in assessing the results of our audit.



Betty Montgomery
Auditor of State

September 30, 2005

**CONCORD TOWNSHIP
ROSS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES AND NON EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Governmental Fund Types</u>					Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Non Expendable Trust Fund</u>	
Cash Receipts:						
Local Taxes	\$33,324	\$148,582	\$12,143	\$0	\$0	\$194,049
Intergovernmental	80,102	268,448	14,597	28,467	0	391,614
Charges for Services	0	4,500	0	0	0	4,500
Licenses, Permits, and Fees	0	16,700	2,600	0	0	19,300
Earnings on Investments	1,479	345	0	0	17	1,841
Other Revenue	772	20,043	0	0	0	20,815
Total Cash Receipts	115,677	458,618	29,340	28,467	17	632,119
Cash Disbursements:						
Current:						
General Government	93,895	12,221	0	0	0	106,116
Public Safety	0	57,979	0	0	0	57,979
Public Works	1,489	149,528	0	28,467	0	179,484
Health	5,202	36,882	0	0	0	42,084
Debt Service:						
Redemption of Principal	0	0	17,606	0	0	17,606
Interest and Fiscal Charges	0	0	1,835	0	0	1,835
Capital Outlay	0	229,126	0	0	0	229,126
Total Cash Disbursements	100,586	485,736	19,441	28,467	0	634,230
Total Cash Receipts Over/(Under) Cash Disbursements	15,091	(27,118)	9,899	0	17	(2,111)
Other Financing Receipts and (Disbursements):						
Sale of Notes	0	10,000	0	0	0	10,000
Sale of Fixed Assets	0	5,040	0	0	0	5,040
Advances-In	3,000	3,000	0	0	0	6,000
Advances-Out	(3,000)	(3,000)	0	0	0	(6,000)
Total Other Financing Receipts/(Disbursements)	0	15,040	0	0	0	15,040
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	15,091	(12,078)	9,899	0	17	12,929
Fund Cash Balances, January 1	16,848	237,937	0	0	3,488	258,273
Fund Cash Balances, December 31	\$31,939	\$225,859	\$9,899	\$0	\$3,505	\$271,202
Reserve for Encumbrances, December 31	\$0	\$7,907	\$0	\$0	\$0	\$7,907

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

**CONCORD TOWNSHIP
ROSS COUNTY**

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

	<u>Governmental Fund Types</u>					Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Non Expendable Trust Fund</u>	
Cash Receipts:						
Local Taxes	\$33,728	\$125,031	\$35,388	\$0	\$0	\$194,147
Intergovernmental	53,531	117,181	7,299	25,800	0	203,811
Charges for Services	0	3,000	0	0	0	3,000
Licenses, Permits, and Fees	0	16,750	0	0	0	16,750
Earnings on Investments	2,601	514	0	0	27	3,142
Other Revenue	1,576	18,779	0	0	0	20,355
Total Cash Receipts	91,436	281,255	42,687	25,800	27	441,205
Cash Disbursements:						
Current:						
General Government	101,467	8,747	0	0	0	110,214
Public Safety	0	40,282	0	0	0	40,282
Public Works	36,734	210,619	0	0	0	247,353
Health	11,251	33,579	0	0	0	44,830
Debt Service:						
Redemption of Principal	0	0	39,131	0	0	39,131
Interest and Fiscal Charges	0	0	3,557	0	0	3,557
Capital Outlay	0	21,812	0	25,800	0	47,612
Total Cash Disbursements	149,452	315,039	42,688	25,800	0	532,979
Total Cash Receipts(Under) Cash Disbursements	(58,016)	(33,784)	(1)	0	27	(91,774)
Fund Cash Balances, January 1	74,864	271,721	1	0	3,461	350,047
Fund Cash Balances, December 31	\$16,848	\$237,937	\$0	\$0	\$3,488	\$258,273
Reserve for Encumbrances, December 31	\$198	\$817	\$0	\$0	\$0	\$1,015

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

**CONCORD TOWNSHIP
ROSS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Concord Township, Ross County, Ohio, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. 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 the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the Auditor of State prescribes or permits.

C. Fund Accounting

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

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds 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 real estate tax, tangible personal property tax and homestead and rollback 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.

Fire 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
DECEMBER 31, 2004 AND 2003
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Accounting (Continued)

3. 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.

4. 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

5. Fiduciary Fund (Trust Fund)

This fund accounts for resources restricted by legally binding trust agreements. The Township had the following Fiduciary Fund:

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

D. 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 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
ROSS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. 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 2004 and 2003 budgetary activity appears in Note 3.

E. Property, Plant, and Equipment

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

F. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. EQUITY IN POOLED CASH

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

	2004	2003
Demand deposits	\$271,202	\$258,273

Deposits: Deposits are insured by the Federal Depository Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Township.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2004 and December 31, 2003 follows:

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$108,261	\$115,677	\$7,416
Special Revenue	428,756	473,658	44,902
Debt Service	19,441	29,340	9,899
Capital Projects	27,500	28,467	967
Non-Expendable Trust	20	17	(3)
Total	\$583,978	\$647,159	\$63,181

**CONCORD TOWNSHIP
ROSS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Budgeted Expenditures	Actual Expenditures	Variance
General	\$123,339	\$100,586	\$22,753
Special Revenue	631,824	493,643	\$138,181
Debt Service	19,441	19,441	\$0
Capital Projects	27,500	28,467	(\$967)
Total	\$802,104	\$642,137	\$159,967

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$107,965	\$91,436	(\$16,529)
Special Revenue	231,229	281,255	50,026
Debt Service	42,687	42,687	0
Capital Projects	25,800	25,800	0
Non-Expendable Trust	60	27	(33)
Total	\$407,741	\$441,205	\$33,464

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Budgeted Expenditures	Actual Expenditures	Variance
General	\$183,787	\$149,650	\$34,137
Special Revenue	501,636	315,856	185,780
Debt Service	42,688	42,688	0
Capital Projects	25,800	25,800	0
Total	\$753,911	\$533,994	\$219,917

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopt rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, 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.

**CONCORD TOWNSHIP
ROSS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

5. DEBT

Debt outstanding at December 31, 2004 was as follows:

	Principal	Interest Rate
Maintenance Garage Note	\$ 22,222	5.75%
Kubota-Tractor Mower (Cemetery) Note	10,000	3.50%
Total	\$32,222	

The Township obtained a note in order 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.

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

Year ending December 31:	Garage	Cemetery
2005	\$7,299	\$2,762
2006	7,299	2,763
2007	7,299	2,675
2008	7,299	2,588
Total	\$29,196	\$10,788

6. RETIREMENT SYSTEMS

The Township's employees belong to the Ohio Public Employees Retirement System (OPERS) of Ohio. OPERS 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.

The Ohio Revised Code also prescribes contribution rates. For 2004 and 2003, PERS participants contributed 8.5% percent of their gross salaries. The Township contributed an amount equal to 13.55% percent of their gross wages to PERS. The Township has paid all contributions required through December 31, 2004.

7. RISK MANAGEMENT

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

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

**CONCORD TOWNSHIP
ROSS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

8. SUBSEQUENT EVENTS

On March 2, 2005 Concord Township was awarded \$112,500 from FEMA for the purchase of a fast attack fire truck. The fast attack fire truck is estimated at a cost of \$165,000.



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Concord Township
Ross County
985 Jamison Rd.
Frankfort, Ohio 45628

To the Board of Trustees:

We have audited the financial statements of Concord Township, Ross County, Ohio, (the Township) as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated September 30, 2005 wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also noted the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting to determine our auditing procedures in order to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Township's management dated September 30, 2005, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion.

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Concord Township
Ross County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*. In a separate letter to the Township's management dated July 14, 2005, we reported a matter related to noncompliance we deemed immaterial.

We intend this report solely for the information and use of the audit committee, management, and the Board of Trustees. It is not intended for 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

September 30, 2005



**Auditor of State
Betty Montgomery**

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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
NOVEMBER 10, 2005**