



**Auditor of State
Betty Montgomery**

**CONCORD TOWNSHIP
LAKE COUNTY**

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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 governmental activities, each major fund, and the aggregate remaining fund information of Concord Township, Lake County, Ohio, (the Township) as of and for the years ended December 31, 2005 and December 31, 2004, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions 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 opinions.

As discussed in Note 2, the accompanying financial statements and notes follow the modified cash accounting basis. This is a comprehensive accounting basis 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 respective modified cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Concord Township, Lake County, Ohio, as of December 31, 2005 and December 31, 2004, and the respective changes in modified cash financial position and the respective budgetary comparison for the General Fund, Road and Bridge Fund, Fire Levy Fund, and Road Levy Fund thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

For the year ended December 31, 2004, the Township revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.

Lausche Building / 615 Superior Ave., NW / Twelfth Floor / Cleveland, OH 44113-1801
Telephone: (216) 787-3665 (800) 626-2297 Fax: (216) 787-3361
www.auditor.state.oh.us

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2006, 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.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Betty Montgomery
Auditor of State

October 26, 2006

**CONCORD TOWNSHIP
LAKE COUNTY**

**Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited**

This discussion and analysis of the financial performance of Concord Township, Lake County, Ohio, (the Township) provides an overall review of the Township's financial activities for the year ended December 31, 2005, within the limitations of the Township's modified cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

Highlights

Key highlights for 2005 are as follows:

Net assets of the Township activities increased \$232,648, or 5.5%, an insignificant change to 2005.

The Township's primary revenue is from real estate tax, representing 70% of total revenue.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Township's modified cash basis of accounting.

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the Township as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Township as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Township has elected to present its financial statements on a modified cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's modified cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion with this report, the reader must keep in the mind the limitations resulting from the use of the modified cash basis of accounting.

**CONCORD TOWNSHIP
LAKE COUNTY**

**Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited**

Reporting the Township as a Whole

The statement of net assets and the statement of activities reflect how the Township did financially during 2005, within the limitations of modified cash basis accounting. The statement of net assets presents the cash balances and investments of the Township at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Township's general receipts.

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the modified cash basis of accounting, you can think of these changes as one way to measure the Township's financial health. Over time, increases or decreases in the Township's cash position is one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other nonfinancial factors as well such as the Township's property tax base, the condition of the Township's capital assets and infrastructure, zero debt, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property taxes.

In the statement of net assets and the statement of activities, the Township is represented by one type of activity: Government activity. Most of the Township's services are reported here, including administration, recreation, zoning, fire and roads. Grants, property taxes, other taxes and fees finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Reporting the Township's Most Significant Funds

Fund financial statements provide detailed information about the Township's major funds—not the Township as a whole. The Township establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Township are split into two categories: governmental and fiduciary.

Governmental Funds—Most of the Township's activities are reported in government funds. The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services we provide. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Township's major government funds are: General Fund, Road & Bridge Fund, Fire Levy and Road Levy. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements. We describe this relationship in reconciliations presented with the government fund financial statements.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the Township. Fiduciary funds are not reflected on the government-wide financial statements because the resources of these funds are not available to support the Township's programs.

**CONCORD TOWNSHIP
LAKE COUNTY**

**Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited**

The Township as a Whole

Table 1 provides a summary of the Township's net assets for 2005 compared to 2004 on a modified cash basis:

Table 1
Net Assets

Assets	Governmental Activities	
	2005	2004
Equity in Pooled Cash & Cash Equivalents	\$4,433,628	\$4,200,980
Total Assets	\$4,433,628	\$4,200,980
Net Assets		
Restricted for:		
Permanent Fund:		
Cemetery Perpetual Maintenance	\$15,026	\$10,733
Other Purpose	2,491,025	2,529,091
Unrestricted	1,927,577	1,661,156
Total Net Assets	\$4,433,628	\$4,200,980

Net assets increased \$232,648, or 5.5%, during 2005. Significant items include:

- The Cemetery Fund activity increased in both 2005 and 2004, after the dedication of a new section in 2004, causing increased sales.
- Fire Levy Revenue increased \$279,824 in 2005, due to the passage of the 2.0 Replacement Levy in 11/04.
- The Township incurred a 15% increase in Medical Insurance due to claim history.
- The Township also incurred a large increase in our Bureau of Workers' Compensation premium in part due to BWC's reduced premium credit and in part due to The Township's claim history.
- Curbside Recycling: Lake County had previously paid for recycling; beginning in 2003, the Township was responsible for approximately \$50,000 of the cost. The Township continued paying for curbside recycling in 2004 and 2005.
- The General Fund also incurred \$46,002 toward new playground equipment for Coleridge Park and \$32,212 toward the Old Schoolhouse Parking Lot from Parks funds.
- The Service Department, after purchasing no equipment in 2004, returned to the regular replacement schedule of equipment and purchased two Sterling trucks, totaling \$164,956.
- The Mount Royal/Majesty Lane resurfacing project cost the Service Department \$349,856, from three of the Service Department funds.

**CONCORD TOWNSHIP
LAKE COUNTY**

**Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited**

Table 2 reflects the changes in net assets in 2005.

Table 2
Changes in Net Assets

	Governmental Activities	
	2005	2004
Receipts:		
Program Cash Receipts		
Charges for Services and Sales	\$395,978	\$241,476
Operating Grants and Contributions	138,839	667,973
Total Program Receipts	<u>534,817</u>	<u>909,449</u>
General Receipts		
Property & Other Local Taxes	4,355,827	3,993,386
Grants not Restricted to Specific Programs	1,022,366	638,706
Earnings on Investments	78,471	59,250
Special Assessments	41,981	127,531
Total General Receipts	<u>5,498,645</u>	<u>4,818,873</u>
 Total Receipts	 <u>6,033,462</u>	 <u>5,728,322</u>
Disbursements:		
General Government	931,163	1,054,811
Public Safety	2,450,868	2,063,963
Public Works	1,972,513	1,814,987
Health	17,301	19,348
Conservation-Recreation	265,973	178,946
Other	70,313	59,032
Capital Outlay	<u>92,683</u>	<u>68,435</u>
 Total Disbursements	 <u>5,800,814</u>	 <u>5,259,522</u>
 Increase (Decrease) in Net Assets	 232,648	 468,800
 Net Assets, January 1	 <u>4,200,980</u>	 <u>3,732,180</u>
Net Assets, December 31	<u><u>\$4,433,628</u></u>	<u><u>\$4,200,980</u></u>

Program receipts represent only 9% of total receipts and are primarily comprised of restricted intergovernmental receipts such as Motor Vehicle License and Gas Tax money and Zoning Permit Fees.

General Government receipts represent 91% of the Township's total receipts, and of this amount, over 70% is from local taxes.

**CONCORD TOWNSHIP
LAKE COUNTY**

**Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited**

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Township activities. These include the costs of the Administration and Town Hall.

Public Safety of persons and property includes the cost of the Fire Department. Public Works is the Service Department, which maintains the roads and Cemetery. Recreation—Conservation includes the costs of operating the Community Center and special events at Town Hall.

Governmental Activities

If you look at the Statement of Activities, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. Public Safety accounts for 42% of all governmental disbursements. Public Works accounts for 34% of all governmental disbursements. General Government also represents a significant cost, 16% of all governmental disbursements. The next three columns of the statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service, which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts, which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)
Governmental Activities

	Total Cost of Services 2005	Net Cost of Services 2005
General Government	\$931,163	(\$687,028)
Public Safety	2,450,868	(2,439,329)
Public Works	1,972,513	(1,780,887)
Health	17,301	10,325
Conservation-Recreation	265,973	(206,082)
Other	70,313	(70,313)
Capital Outlay	<u>92,683</u>	<u>(92,683)</u>
Total Expenses	<u>\$5,800,814</u>	<u>(\$5,265,997)</u>

The dependence upon property taxes is apparent, as over 77% of governmental activities are supported through these general and levy receipts.

**CONCORD TOWNSHIP
LAKE COUNTY**

**Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited**

The Township's Funds

Total governmental funds had receipts of \$6,033,462 and disbursements of \$5,800,814. The greatest change within governmental funds occurred within the General Fund. The fund balance of the General Fund increased \$266,420 due to decreased spending. Upcoming projects, such as the Sewer Improvement Project 2006-2007 will require funds from the General Fund.

General Fund Budgeting Highlights

The Township's budget is prepared according to Ohio Law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During 2005, the Township amended its budget several times to reflect changing circumstances. The difference between final budgeted receipts and actual receipts was not significant.

Final disbursements were budgeted at \$3,001,213 while actual disbursements were \$2,121,686. The excess represents the Township's carryover from 2005 to 2006 for first quarter expenditures, until our first property settlement arrives in late March.

Capital Assets

Capital Assets

The Township does not currently keep track of its capital assets and infrastructure.

Current Issues

The challenge for all Governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes and have limited industry to support the tax base. Our newly prepared financial forecast predicts a deficit for 2006; therefore, all departments are striving for a break-even cash flow for 2006.

Contacting the Township's Fiscal Officer

This financial report is designed to provide our citizens with a general overview of the Township's finances and to reflect the Township's accountability for the funds it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Peggy A. Cusick, Fiscal Officer, Concord Township (Lake County,) 7229 Ravenna Road, Concord, Ohio 44077.

**CONCORD TOWNSHIP
LAKE COUNTY**

Statement of Net Assets - Modified Cash Basis
December 31, 2005

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash & Cash Equivalents:	
Checking Account	\$4,433,628
Total Assets	<u><u>\$4,433,628</u></u>
Net Assets	
Restricted for:	
Cemetery Perpetual Maintenance	\$15,026
Other Purposes	2,491,025
Unrestricted	1,927,577
Total Net Assets	<u><u>\$4,433,628</u></u>

See accompanying notes to the basic financial statements.

**CONCORD TOWNSHIP
LAKE COUNTY**

Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2005

	Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Assets
Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities			
General Government	\$931,163	\$244,135	\$0
Public Safety	2,450,868	11,539	0
Public Works	1,972,513	52,787	138,839
Health	17,301	27,626	0
Conservation--Recreation	265,973	59,891	0
Other	70,313	0	0
Capital Outlay	92,683	0	0
Total Governmental Activities	5,800,814	395,978	138,839
General Receipts			
Property Taxes			\$4,241,082
Other Taxes			114,745
Special Assessments			41,981
Grants and Entitlements Restricted to Special Programs			1,022,366
Earnings on Investments			78,471
Total General Receipts			5,498,645
Changes in Net Assets			232,648
Net Assets at Beginning of Year			4,200,980
Net Assets at End of Year			\$4,433,628

See accompanying notes to the basic financial statements.

**CONCORD TOWNSHIP
LAKE COUNTY**

Statement of Modified Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2005

	<u>General</u>	<u>Road and Bridge</u>	<u>Fire Levy</u>	<u>Road Levy</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets						
Equity in Pooled Cash and Cash Equivalents	\$1,927,576	\$358,591	\$995,424	\$613,864	\$538,173	\$4,433,628
Total Assets	<u>\$1,927,576</u>	<u>\$358,591</u>	<u>\$995,424</u>	<u>\$613,864</u>	<u>\$538,173</u>	<u>\$4,433,628</u>
Fund Balances						
Reserved:						
Reserved for Encumbrances	\$894,324	\$111,335	\$410,809	\$271,218	\$181,050	\$1,868,736
Unreserved:						
General Fund	1,033,252	0	0	0	0	1,033,252
Special Revenue Funds	0	247,256	584,615	342,646	342,097	1,516,614
Cemetery Endowment	0	0	0	0	15,026	15,026
Total Fund Balances	<u>\$1,927,576</u>	<u>\$358,591</u>	<u>\$995,424</u>	<u>\$613,864</u>	<u>\$538,173</u>	<u>\$4,433,628</u>

See accompanying notes to the basic financial statements.

**CONCORD TOWNSHIP
LAKE COUNTY**

Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
December 31, 2005

Total Governmental Fund Balances	<u>\$4,433,628</u>
Net Assets of Governmental Activities	<u><u>\$4,433,628</u></u>

See accompanying notes to the basic financial statements.

**CONCORD TOWNSHIP
LAKE COUNTY**

Statement of Cash Receipts, Disbursements and Changes in Modified - Cash Basis
Fund Balances - Governmental Funds
For the Year Ended December 31, 2005

	General	Road and Bridge	Fire Levy	Road Levy	Other Governmental Funds	Total
Receipts						
Property and Other Local Taxes	\$675,632	\$771,883	\$2,084,462	\$709,104	\$114,746	\$4,355,827
Licenses, Permits and Fees	196,308	0	0	0	0	196,308
Fines and Forfeitures	453	0	0	0	0	453
Intergovernmental	448,855	101,897	378,201	93,414	188,843	1,211,210
Special Assessments	0	0	0	0	41,981	41,981
Earnings on Investments	75,097	0	0	0	3,374	78,471
Miscellaneous	97,437	0	11,539	2,783	37,453	149,212
Total Receipts	1,493,782	873,780	2,474,202	805,301	386,397	6,033,462
Disbursements						
Current:						
General Government	927,615	0	0	0	3,548	931,163
Public Safety	50	0	2,441,559	0	9,259	2,450,868
Public Works	33,724	858,158	0	759,844	320,787	1,972,513
Health	0	0	0	0	17,301	17,301
Conservation--Recreation	265,973	0	0	0	0	265,973
Other	0	0	0	0	70,313	70,313
Capital Outlay	0	0	0	0	92,683	92,683
Total Disbursements	1,227,362	858,158	2,441,559	759,844	513,891	5,800,814
Excess of Receipts Over (Under) Disbursements	266,420	15,622	32,643	45,457	(127,494)	232,648
Net Changes in Fund Balances						
Fund Balances Beginning of Year	1,661,156	342,969	962,781	568,407	665,667	4,200,980
Fund Balances End of Year	<u>\$1,927,576</u>	<u>\$358,591</u>	<u>\$995,424</u>	<u>\$613,864</u>	<u>\$538,173</u>	<u>\$4,433,628</u>

See accompanying notes to the basic financial statements.

**CONCORD TOWNSHIP
LAKE COUNTY**

Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2005

Net Change in Fund Balances - Total Government Funds	<u>\$232,648</u>
Change in Net Assets of Governmental Activities	<u><u>\$232,648</u></u>

See accompanying notes to the basic financial statements.

**CONCORD TOWNSHIP
LAKE COUNTY**

Statement of Receipts, Disbursements and Changes
in Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2005

	Budgeted Amounts		Actual	(Optional)
	Original	Final		Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$661,787	\$674,000	\$675,632	\$1,632
Licenses, Permits and Fees	188,000	195,000	196,308	1,308
Fines and Forfeitures	1,000	1,000	453	(547)
Intergovernmental	336,186	460,144	448,855	(11,289)
Earnings on Investments	50,000	50,000	75,097	25,097
Miscellaneous	84,100	267,300	97,437	(169,863)
Total Receipts	1,321,073	1,647,444	1,493,782	(153,662)
Disbursements				
Current:				
General Government	1,200,135	2,034,376	1,534,174	500,202
Public Safety	200	200	50	150
Public Works	36,000	39,485	36,920	2,565
Conservation--Recreation	237,100	359,394	316,784	42,610
Other	0	233,758	233,758	0
Capital Outlay	0	334,000	0	334,000
Total Disbursements	1,473,435	3,001,213	2,121,686	879,527
Excess of Receipts Over (Under) Disbursements	(152,362)	(1,353,769)	(627,904)	725,865
Other Financing Uses	(500,000)	(205,727)	0	205,727
Net Change in Fund Balance	(652,362)	(1,559,496)	(627,904)	931,592
Fund Balance Beginning of Year	652,872	652,872	652,872	0
Prior-Year Encumbrances Appropriated	1,008,284	1,008,284	1,008,284	0
Fund Balance End of Year	<u>\$1,008,794</u>	<u>\$101,660</u>	<u>\$1,033,252</u>	<u>\$931,592</u>

See accompanying notes to the basic financial statements.

**CONCORD TOWNSHIP
LAKE COUNTY**

Statement of Receipts, Disbursements and Changes
in Fund Balance - Budget and Actual - Budget Basis
Road and Bridge Fund
For the Year Ended December 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	(Optional) Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and Other Local Taxes	\$756,789	\$770,500	\$771,883	\$1,383
Intergovernmental	98,443	101,900	101,897	(3)
Miscellaneous	0	0	0	0
Total Receipts	<u>855,232</u>	<u>872,400</u>	<u>873,780</u>	<u>1,380</u>
Disbursements				
Current:				
Public Works	874,900	935,753	883,948	51,805
Other	0	85,544	85,544	0
Total Disbursements	<u>874,900</u>	<u>1,021,297</u>	<u>969,492</u>	<u>51,805</u>
Excess of Receipts Over (Under) Disbursements	(19,668)	(148,897)	(95,712)	53,185
Other Financing Uses	<u>(250,000)</u>	<u>(170,811)</u>	<u>0</u>	<u>170,811</u>
Net Change in Fund Balance	(269,668)	(319,708)	(95,712)	223,996
Fund Balance Beginning of Year	275,760	275,747	275,747	0
Prior-Year Encumbrances Appropriated	<u>67,209</u>	<u>67,209</u>	<u>67,209</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$73,301</u></u>	<u><u>\$23,248</u></u>	<u><u>\$247,244</u></u>	<u><u>\$223,996</u></u>

See accompanying notes to the basic financial statements.

**CONCORD TOWNSHIP
LAKE COUNTY**

Statement of Receipts, Disbursements and Changes
in Fund Balance - Budget and Actual - Budget Basis
Fire Levy Fund
For the Year Ended December 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	(Optional) Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>Actual</u>
Receipts				
Property and Other Local Taxes	\$2,044,856	\$2,081,000	\$2,084,462	\$3,462
Intergovernmental	265,080	374,800	378,201	3,401
Miscellaneous	10,000	10,000	11,539	1,539
Total Receipts	<u>2,319,936</u>	<u>2,465,800</u>	<u>2,474,202</u>	<u>8,402</u>
Disbursements				
Current:				
Public Safety	2,407,660	2,749,135	2,475,746	273,389
Other	116,000	349,651	233,651	116,000
Total Disbursements	<u>2,523,660</u>	<u>3,098,786</u>	<u>2,709,397</u>	<u>389,389</u>
Excess of Receipts Over (Under) Disbursements	(203,724)	(632,986)	(235,195)	397,791
Other Financing Uses	<u>(350,000)</u>	<u>(280,912)</u>	<u>(142,971)</u>	<u>137,941</u>
Net Change in Fund Balance	(553,724)	(913,898)	(378,166)	535,732
Fund Balance Beginning of Year	555,739	555,739	555,739	0
Prior-Year Encumbrances Appropriated	407,042	407,042	407,042	0
Fund Balance End of Year	<u><u>\$409,057</u></u>	<u><u>\$48,883</u></u>	<u><u>\$584,615</u></u>	<u><u>\$535,732</u></u>

See accompanying notes to the basic financial statements.

**CONCORD TOWNSHIP
LAKE COUNTY**

Statement of Receipts, Disbursements and Changes
in Fund Balance - Budget and Actual - Budget Basis
Road Levy Fund
For the Year Ended December 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	(Optional)
	<u>Original</u>	<u>Final</u>		Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$695,653	\$708,000	\$709,104	\$1,104
Intergovernmental	90,252	93,400	93,414	14
Miscellaneous	10,000	1,500	2,783	1,283
Total Receipts	<u>795,905</u>	<u>802,900</u>	<u>805,301</u>	<u>2,401</u>
Disbursements				
Current:				
Public Works	928,500	1,179,122	950,849	228,273
Other	0	80,212	80,212	0
Total Disbursements	<u>928,500</u>	<u>1,259,334</u>	<u>1,031,061</u>	<u>228,273</u>
Excess of Receipts Over (Under) Disbursements	(132,595)	(456,434)	(225,760)	230,674
Other Financing Uses	(200,000)	(94,739)	0	94,739
Net Change in Fund Balance	(332,595)	(551,173)	(225,760)	325,413
Fund Balance Beginning of Year	332,832	332,823	332,823	0
Prior-Year Encumbrances Appropriated	235,573	235,573	235,573	0
Fund Balance End of Year	<u>\$235,810</u>	<u>\$17,223</u>	<u>\$342,636</u>	<u>\$325,413</u>

See accompanying notes to the basic financial statements.

**CONCORD TOWNSHIP
LAKE COUNTY**

Statement of Fiduciary Net Assets - Modified Cash Basis
December 31, 2005

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$3,810</u>
Total Assets	<u><u>\$3,810</u></u>
Net Assets	
Restricted for:	
Other Purposes	<u>\$3,810</u>
Total Net Assets	<u><u>\$3,810</u></u>

See accompanying notes to the basic financial statements.

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**CONCORD TOWNSHIP
LAKE COUNTY**

**Notes to the Financial Statements
For the Year Ending December 31, 2005**

Note 1—Reporting Entity

Concord Township, Lake County, Ohio, (the Township) is a body politic and corporate established in Ohio 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 has also elected a Fiscal Officer to oversee finances and records.

The reporting entity is comprised of the primary government, to ensure that the financial statements are not misleading. The Township does not include any component units or other organizations.

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, maintenance of Township roads, Fire & Rescue services, and cemetery services. Police protection is provided by the Lake County Sheriff's Department.

Note 2—Summary of Significant Accounting Policies

As discussed further in Note 2 C, these financial statements are presented on a modified cash basis of accounting. This modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the modified cash basis of accounting.

Following are the more significant of the Township's accounting policies.

A. Basis of Presentation

The Township's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statements of net assets and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions.

The statement of net assets presents the cash balance of the governmental activities of the Township at year end. The statement of activities compares disbursements with program receipts for each of the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a modified cash basis or draws from the Township's general receipts.

**CONCORD TOWNSHIP
LAKE COUNTY**

**Notes to the Financial Statements
For the Year Ending December 31, 2005
(Continued)**

Note 2—Summary of Significant Accounting Policies (Continued)

Fund Financial Statements

During the year, the Township segregates transactions related to certain Township functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

Operating receipts generally result from exchange transactions such as charges for services directly relating to the funds' principal services. Operating disbursements include costs of sales and services and administrative costs. The fund statements report all other receipts and disbursements as nonoperating.

B. Fund Accounting

The Township uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Township are divided into two categories: governmental and fiduciary.

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other non-exchange transactions as governmental funds. The Township's major governmental funds are: General Fund, Road & Bridge Fund, Fire Levy Fund and Road Levy Fund.

The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

The Road & Bridge Fund is used for the improvement, construction, reconstruction, resurfacing and repair of roads and bridges.

The Fire Levy Fund is used to provide and maintain fire equipment, buildings, supplies, and payment of firefighters and associated benefits.

The Road Levy Fund is used for the improvement, construction, reconstruction, resurfacing and repair of roads and bridges.

The other governmental funds of the Township account for grants and other resources whose use is restricted to a particular purpose.

Fiduciary Funds

Agency Funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments.

The Agency Fund includes Security Deposits both from rental real estate of the Township and from rentals of the Community Center.

**CONCORD TOWNSHIP
LAKE COUNTY**

**Notes to the Financial Statements
For the Year Ending December 31, 2005
(Continued)**

Note 2—Summary of Significant Accounting Policies (Continued)

C. Basis of Accounting

The Township's financial statements are prepared using the modified cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Township are described in the appropriate section in this note.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Township may appropriate.

The appropriations resolution is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund, department, and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Township Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statement reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Township.

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from the prior year. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

E. Cash and Investments

To improve cash management, cash received by the Township is pooled and invested. Individual fund integrity is maintained through Township records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents."

Investments in the Customized Cash Management Account at Fifth Third Bank are presented on the financial statements as cash equivalents. 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 negative receipts, respectively.

**CONCORD TOWNSHIP
LAKE COUNTY**

**Notes to the Financial Statements
For the Year Ending December 31, 2005
(Continued)**

Note 2—Summary of Significant Accounting Policies (Continued)

E. Cash and Investments (Continued)

During 2005, the Township invested in the following bonds through the Fifth Third Bank Customized Cash Management Account: Freddie Mac, Fannie Mae, Federal Home Loan Bank, FHLB Discount Note, Freddie Mac Discount Note, Federal Home Loan Mortgage Corporation Discount and the Fifth Third U.S. Treasury Money Market Investment. All investments are recorded at cost.

Interest earnings are allocated to Township funds according to State statutes. Interest receipts credited to the General Fund during 2005 was \$75,097, which includes \$41,062 assigned from other Township funds.

F. Inventory and Prepaid Items

The Township reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

G. Capital Assets

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

H. Interfund Receivables/Payables

The Township reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

In 2002, the Administrative balance in the Hotel Tax Fund advanced the Fire Department \$42,336 for the Parking Pad at Station #1. No scheduled repayment of the advance has been set.

I. Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. In 2004, encumbrances were established by Purchase Order of amounts toward such Sick Leave payouts for each of Administration, Fire and Service Department personnel. Otherwise, unpaid leave is not reflected as a liability under the Township's modified cash basis of accounting.

J. Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

K. Reserve Balance Accounts

The Township has encumbered funds in 2005 (up to 5% of current-year revenue) for "Rainy Day" funds by writing Purchase Orders to these funds.

**CONCORD TOWNSHIP
LAKE COUNTY**

**Notes to the Financial Statements
For the Year Ending December 31, 2005
(Continued)**

Note 2—Summary of Significant Accounting Policies (Continued)

L. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for the purchase of capital equipment to be paid for out of specified designated funds.

The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

M. Fund Balance Reserves

The Township reserves any portion of fund balance which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

Note 3—Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance—Budget and Actual—Budgetary Basis presented for the four major funds are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The four major funds are: General Fund, Road & Bridge Fund, Fire Levy Fund and Road Levy Fund. The differences between the budgetary basis and the modified cash basis are outstanding year-end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (modified cash basis). The encumbrances outstanding at year end (budgetary basis) are as follows:

Notes Table 1

	<u>2005</u>
General Fund	\$894,324
Road & Bridge Fund	\$111,335
Fire Levy Fund	\$410,809
Road Levy Fund	\$271,218

Note 4—Deposits and Investments

Monies held by the Township are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Township treasury. Active monies must be maintained either as cash in the Township treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Trustees have identified as not required for use within the current five-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

**CONCORD TOWNSHIP
LAKE COUNTY**

**Notes to the Financial Statements
For the Year Ending December 31, 2005
(Continued)**

Note 4—Deposits and Investments (Continued)

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Township can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-loan money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Township, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Township or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

At year end, the Township had \$200 in undeposited cash on hand which is not included as part of "Equity in Pooled Cash and Cash Equivalents." The \$200 represents cash in the Town Hall safe to be used as a Change Fund, primarily for zoning, for the Township office.

**CONCORD TOWNSHIP
LAKE COUNTY**

**Notes to the Financial Statements
For the Year Ending December 31, 2005
(Continued)**

Note 4—Deposits and Investments (Continued)

Deposits

The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Township or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

The Township's investment policy is limited to complying with state statute, which investment objectives include safety, liquidity and return on investments; authorized financial institutions and broker/dealers and authorized investments.

Interest rate risk is monitored by Fifth Third Bank through weighted average maturity, duration, and keeping maturities within a three-year horizon; most mature within one year.

Investments are obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government and are not considered to have credit risk. Money Market funds are invested in U.S. Treasury bonds and notes.

As of December 31, 2005, the Township had the following investments:

	<u>Carrying Value</u>	<u>Maturity</u>
Investments		
Money Market Investments	\$541,724	
Cash in Customized Cash Mgmt Account	1	
Fed Home Loan Bank	1,270,292	3/21/2006 - 10/26/2007
Fre Discount Note	96,012	9/19/2006
Fed Home Ln Mtg Corp Disc	239,049	11/1/2006
Fre Discount Note	147,136	2/21/2006
Freddie Mac	755,696	8/17/2007 - 8/4/2008
Fannie Mae	1,047,334	1/15/2006 - 1/15/2007
HH Bonds	3,000	12/31/2008
Total Investments	<u>\$4,100,244</u>	

Interest rate risk arises because potential purchases of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The Township's investment policy addresses interest rate risk by requiring that the Township's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations, thereby avoiding that need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

**CONCORD TOWNSHIP
LAKE COUNTY**

**Notes to the Financial Statements
For the Year Ending December 31, 2005
(Continued)**

Note 5—Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in 2005 represent the collection of 2004 taxes. Real property taxes received in 2005 were levied after October 1, 2004, on the assessed values as of January 1, 2004, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20.

Public utility property tax receipts received in 2005 represent the collection of 2004 taxes. Public utility real and tangible personal property taxes received in 2005 became a lien of December 31, 2004, were levied after October 1, 2004, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property receipts received in 2005 (other than public utility property) represent the collection of 2005 taxes. Tangible personal property taxes received in 2005 were levied after October 1, 2004, on the true value as of December 31, 2004. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payments if due April 30; if paid semiannually, the first payments is due April 30, with the remainder payable by September 20.

The full rate of all Township operations for the year ended December 31, 2005, was the following per \$1,000 of assessed value: 57.50 Concord/Painesville Township School District; 55.94 Concord/Chardon School District; 66.88 Concord/Mentor School District. The assessed values of real property, public utility property, and tangible personal property upon which 2005 property tax receipts were based are as follows:

Class	Description	Tax Valuation
I	General RE--Residential/Agricultural	\$476,302,670
II	General RE--Other-- Commercial/Industrial	43,478,530
III	Public Utility Tangible	10,120,600
IV	General Tangible Personal Property	<u>17,944,110</u>
Total Estimated Tax Valuation		\$547,845,910

**CONCORD TOWNSHIP
LAKE COUNTY**

**Notes to the Financial Statements
For the Year Ending December 31, 2005
(Continued)**

Note 6—Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2005, the Township contracted with broker Love Insurance for insurance through The Ohio Plan. Coverage provided by The Ohio Plan is as follows:

General Liability	\$2,000,000	Per Occurrence Limit
General Liability	\$4,000,000	Annual Aggregate Limit
Public Officials Liability	\$2,000,000	Each Wrongful Act
Automobile Coverage	\$2,000,000	Bodily Injury & Property Damage
Boiler & Machinery	\$4,768,975	Limit Per Any One Accident

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

The Township pays the Bureau of Workers' Compensation a premium based on a rate per \$100 of salaries. This rate is based on accident history and administrative costs.

The Township, through Love Insurance, also provides the following insurance for eligible employees: employee health insurance through United Healthcare, employee dental insurance through Principal Life Group, employee group-term life insurance through Assurant Employee Benefits, and employee long-term disability insurance through Fort Dearborn Life Insurance Company.

Note 7—Defined Benefit Pension Plan

A. Ohio Public Employees Retirement System

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

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

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

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

**CONCORD TOWNSHIP
LAKE COUNTY**

**Notes to the Financial Statements
For the Year Ending December 31, 2005
(Continued)**

Note 7—Defined Benefit Pension Plan (Continued)

The Township's required contributions for pension obligations to OPERS for the years ended December 31, 2005, 2004 and 2003 were \$98,617, \$102,988 and \$113,996, respectively. The full amount has been contributed for 2005, 2004 and 2003.

B. Ohio Police & Fire Pension Fund

The Township contributes to the Ohio Police & Fire Pension Fund (OP & F), a cost-sharing multiple-employer defined benefit plan, for our Full-Time Firefighting Personnel. OP & F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP & F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to the Ohio Police & Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations while the Township is required to contribute 24 percent for firefighters. Contributions are authorized by State statute. The Township's contributions to OP & F for full-time firefighters for the years ended December 31, 2005, 2004 and 2003 were \$119,174, \$111,671 and \$101,862, respectively. The full amount has been contributed for 2005, 2004 and 2003.

Note 8—Postemployment Benefits

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB Statements No. 12. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2005 local government employer contribution rate was 13.55 percent of covered payroll; 4.00 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS' latest actuarial review performed as of December 31, 2004, include a rate of return on investments of 8.00 percent, an annual, increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase between 1.00 and 6.00 percent annually for the next eight years and 4.00 percent annually after eight years.

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

**CONCORD TOWNSHIP
LAKE COUNTY**

**Notes to the Financial Statements
For the Year Ending December 31, 2005
(Continued)**

Note 8—Postemployment Benefits (Continued)

A. Ohio Public Employees Retirement System (Continued)

The number of active contributing participants in the traditional and combined plans was 369,885. Actual employer contributions for 2005 which were used to fund postemployment benefits for the years ended December 31, 2005, 2004 and 2003 were \$41,306, \$43,136 and \$47,747, respectively. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2004 were \$10.8 billion. The actuarially accrued liability and the unfounded actuarial accrued liability were \$29.5 billion and \$18.7 billion, respectively.

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

B. Ohio Police and Fire Pension Fund

The Ohio Police and Fire Pension Fund (OP & F) provides postretirement health care coverage to any person who receives or is eligible to receive a monthly service, disability or survivor benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school, or under the age of 22 if attending school full-time or on a 2/3 basis.

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the funds of OP & F shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis.

The total firefighter contribution rate is 24 percent of covered payroll, of which 7.75 percent of covered payroll was applied to the postemployment health care program during 2005. In addition, since July 1, 1992, most retirees and survivors have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

The Township's actual contributions for 2005 that were used to fund postemployment benefits for the years ended December 31, 2005, 2004 and 2003 were \$56,837, \$53,258 and \$48,581, respectively, for firefighters. The OP & F's total health care expense for the year ended December 31, 2004 was \$150,853,148, which was net of member contributions of \$17,207,506. The number of OP & F participants eligible to receive health care benefits as of December 31, 2004, was 10,474 for firefighters.

Note 9—Leases

The Township leases copiers from Lake Business Products, which are not material to the financial statements. The Township has no other Leases for the period ending December 31, 2005. The Township disbursed \$5,703 to pay lease costs for two copiers at Town Hall and one at Fire Station #1 for the year ended December 31, 2005. Future lease payments will continue to be \$5,703 annually for the 5-year copier leases, ending 2/3/2008.

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**CONCORD TOWNSHIP
LAKE COUNTY**

**Management's Discussion and Analysis
For the Year Ended December 31, 2004
Unaudited**

This discussion and analysis of the financial performance of Concord Township, Lake County, Ohio, (the Township) provides an overall review of the Township's financial activities for the year ended December 31, 2004, within the limitations of the Township's modified cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

Highlights

Key highlights for 2004 are as follows:

Net assets of the Township activities increased \$468,800, or 12.6%, a relatively insignificant change to 2004. The increase was primarily due to the triennial revaluation and the increase in Estate Tax Revenue.

The Township's primary revenue is from real estate tax, representing 68% of total revenue.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Township's modified cash basis of accounting.

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the Township as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Township as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Township has elected to present its financial statements on a modified cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's modified cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion with this report, the reader must keep in the mind the limitations resulting from the use of the modified cash basis of accounting.

**CONCORD TOWNSHIP
LAKE COUNTY**

**Management's Discussion and Analysis
For the Year Ended December 31, 2004
Unaudited**

Reporting the Township as a Whole

The statement of net assets and the statement of activities reflect how the Township did financially during 2004, within the limitations of modified cash basis accounting. The statement of net assets presents the cash balances and investments of the Township at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Township's general receipts.

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the modified cash basis of accounting, you can think of these changes as one way to measure the Township's financial health. Over time, increases or decreases in the Township's cash position is one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other nonfinancial factors as well such as the Township's property tax base, the condition of the Township's capital assets and infrastructure, zero debt, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property taxes.

In the statement of net assets and the statement of activities, the Township is represented by one type of activity: Government activity. Most of the Township's services are reported here, including administration, recreation, zoning, fire and roads. Grants, property taxes, other taxes and fees finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Reporting the Township's Most Significant Funds

Fund financial statements provide detailed information about the Township's major funds—not the Township as a whole. The Township establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Township are split into two categories: governmental and fiduciary.

Governmental Funds—Most of the Township's activities are reported in government funds. The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services we provide. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Township's major government funds are: General Fund, Road & Bridge Fund, Fire Levy and Road Levy. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements. We describe this relationship in reconciliations presented with the government fund financial statements.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the Township. Fiduciary funds are not reflected on the government-wide financial statements because the resources of these funds are not available to support the Township's programs.

**CONCORD TOWNSHIP
LAKE COUNTY**

**Management's Discussion and Analysis
For the Year Ended December 31, 2004
Unaudited**

The Township as a Whole

Table 1 provides a summary of the Township's net assets for 2004. Since the Township did not prepare financial statements in this format for 2003, a comparative analysis has not been presented. In future years, when prior year information is available, a comparative analysis will be presented.

Table 1
Net Assets

	<u>2004</u>
Assets	
Equity in Pooled Cash & Cash Equivalents	\$4,200,980
Total Assets	<u><u>\$4,200,980</u></u>
Net Assets	
Restricted for:	
Permanent Fund:	
Cemetery Perpetual Maintenance	\$10,733
Other Purpose	2,529,091
Unrestricted	<u>1,661,156</u>
Total Net Assets	<u><u>\$4,200,980</u></u>

Net assets increased \$468,800, or 12.6%, during 2004. Significant items include:

- The Township's General Fund and Road & Bridge Fund Revenue each increased due to the triennial revaluation effective 2004.
- The Township received \$255,657 in Estate Tax in 2004 (a substantial increase over 2003.)
- The Fire Department received a FEMA Grant of \$131,256 toward equipment.
- The Computer account ("Small equipment") in the General Fund incurred large expenses due to the purchase of additional servers and additional service.
- Curbside Recycling: Lake County had formerly paid for recycling; beginning in 2003, the Township was responsible for approximately \$50,000 of the cost. The Township continued paying for curbside recycling in 2004.
- The Township purchased real estate at 7157 Ravenna Road, the Pomeroy House, for \$170,000. The property is located between the Old Schoolhouse and Concord-Hambden Road; the Township owns most of the land across from Town Hall.
- A large expenditure from the Road Levy Fund was the resurfacing of Devonshire Road, for which funds had been encumbered in 2003.
- The Service Department paid \$134,800 for the Maintenance Garage Addition from Road & Bridge Fund. There were no equipment purchases in 2004.
- Other expenditures were conservative, in anticipation of (a) future costly road projects, (b) potential cuts to Local Government Distributions and (c) potential elimination of Estate Tax Revenue.
- Interest rates were down, so Interest Income on investments was down.
- The Transfer from General Fund to the Agency Fund was to set up Security Deposits in a separate Fund, per the previous State Audit.

**CONCORD TOWNSHIP
LAKE COUNTY**

**Management's Discussion and Analysis
For the Year Ended December 31, 2004
Unaudited**

Table 2 reflects the changes in net assets in 2004. Since the Township did not prepare financial statements in this format for 2003, a comparative analysis of government-wide data has not been presented. In future years, when prior year information is available, a comparative analysis will be presented.

Table 2
Changes in Net Assets

	Governmental Activities 2004
Receipts:	
Program Cash Receipts	
Charges for Services and Sales	\$241,476
Operating Grants and Contributions	667,973
Total Program Receipts	909,449
General Receipts	
Property & Other Local Taxes	3,993,386
Grants not Restricted to Specific	
Programs	638,706
Earnings on Investments	59,250
Special Assessments	127,531
Total General Receipts	4,818,873
 Total Receipts	 5,728,322
 Disbursements:	
General Government	1,054,811
Public Safety	2,063,963
Public Works	1,814,987
Health	19,348
Conservation-Recreation	178,946
Other	59,032
Capital Outlay	68,435
 Total Disbursements	 5,259,522
 Increase (Decrease) in Net Assets	 468,800
 Net Assets, January 1	 3,732,180
Net Assets, December 31	\$4,200,980

Program receipts represent only 16% of total receipts and are primarily comprised of restricted intergovernmental receipts such as Motor Vehicle License and Gas Tax money and Zoning Permit Fees.

General Government receipts represent 84% of the Township's total receipts, and of this amount, over 70% is from local taxes.

**CONCORD TOWNSHIP
LAKE COUNTY**

**Management's Discussion and Analysis
For the Year Ended December 31, 2004
Unaudited**

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Township activities. These include the costs of the Administration and Town Hall.

Public Safety of persons and property includes the cost of the Fire Department. Public Works is the Service Department, which maintains the roads and Cemetery. Recreation—Conservation includes the costs of operating the Community Center and special events at Town Hall.

Governmental Activities

If you look at the Statement of Activities, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. Public Safety accounts for 39% of all governmental disbursements. Public Works accounts for 35% of all governmental disbursements. General Government also represents a significant cost, 20% of all governmental disbursements. The next three columns of the statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service, which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts, which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)
Governmental Activities

	Total Cost of Services 2004	Net Cost of Services 2004
General Government	\$1,054,811	(\$840,240)
Public Safety	2,063,963	(1,829,266)
Public Works	1,814,987	(1,465,846)
Health	19,348	7,938
Conservation-Recreation	178,946	(126,140)
Other	59,032	(28,084)
Capital Outlay	68,435	(68,435)
 Total Expenses	 \$5,259,522	 (\$4,350,073)

The dependence upon property taxes is apparent, as over 76% of governmental activities are supported through these general and levy receipts.

The Township's Funds

Total governmental funds had receipts of \$5,728,322 and disbursements of \$5,259,522. The greatest change within governmental funds occurred within the General Fund. The fund balance of the General Fund increased \$282,035 due to decreased spending.

**CONCORD TOWNSHIP
LAKE COUNTY**

**Management's Discussion and Analysis
For the Year Ended December 31, 2004
Unaudited**

General Fund Budgeting Highlights

The Township's budget is prepared according to Ohio Law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During 2004, the Township amended its budget several times to reflect changing circumstances. Final budgeted receipts exceeded original budgeted receipts due to conservative projections of budgeted receipts. The difference between final budgeted receipts and actual receipts was not significant.

Final disbursements were budgeted at \$2,529,299 while actual disbursements were \$2,276,578. The excess represents the Township's carryover from 2004 to 2005 for first quarter expenditures, until our first property settlement arrives in late March.

Capital Assets

Capital Assets

The Township does not currently keep track of its capital assets and infrastructure.

Current Issues

The challenge for all Governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes and have limited industry to support the tax base.

Contacting the Township's Fiscal Officer

This financial report is designed to provide our citizens with a general overview of the Township's finances and to reflect the Township's accountability for the funds it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Peggy A. Cusick, Fiscal Officer, Concord Township (Lake County), 7229 Ravenna Road, Concord, Ohio 44077.

**CONCORD TOWNSHIP
LAKE COUNTY**

Statement of Net Assets - Modified Cash Basis
December 31, 2004

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash & Cash Equivalents:	<u>\$4,200,980</u>
Total Assets	<u><u>\$4,200,980</u></u>
Net Assets	
Restricted for:	
Cemetery Perpetual Maintenance	\$10,733
Other Purposes	2,529,091
Unrestricted	<u>1,661,156</u>
Total Net Assets	<u><u>\$4,200,980</u></u>

See accompanying notes to the basic financial statements.

**CONCORD TOWNSHIP
LAKE COUNTY**

Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2004

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	
Governmental Activities				
General Government	\$1,054,811	\$130,436	\$84,135	(\$840,240)
Public Safety	2,063,963	0	234,697	(1,829,266)
Public Works	1,814,987	0	349,141	(1,465,846)
Health	19,348	27,286	0	7,938
Conservation--Recreation	178,946	52,806	0	(126,140)
Other	59,032	30,948	0	(28,084)
Capital Outlay	68,435	0	0	(68,435)
Total Governmental Activities	5,259,522	241,476	667,973	(4,350,073)
 General Receipts				
Property Taxes				\$3,890,748
Other Taxes				102,638
Special Assessments				127,531
Grants and Entitlements Restricted to Special Programs				638,706
Earnings on Investments				59,250
Total General Receipts				4,818,873
Changes in Net Assets				468,800
Net Assets at Beginning of Year				3,732,180
Net Assets at End of Year				\$4,200,980

See accompanying notes to the basic financial statements.

**CONCORD TOWNSHIP
LAKE COUNTY**

Statement of Modified Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2004

	<u>General</u>	<u>Road and Bridge</u>	<u>Fire Levy</u>	<u>Road Levy</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets						
Equity in Pooled Cash and Cash Equivalents	\$1,661,156	\$342,969	\$962,781	\$568,407	\$665,667	\$4,200,980
Total Assets	<u>\$1,661,156</u>	<u>\$342,969</u>	<u>\$962,781</u>	<u>\$568,407</u>	<u>\$665,667</u>	<u>\$4,200,980</u>
Fund Balances						
Reserved:						
Reserved for Encumbrances	\$1,008,284	\$67,223	\$407,042	\$235,585	\$263,260	\$1,981,394
Unreserved:						
General Fund	652,872	0	0	0	0	652,872
Special Revenue Funds	0	275,746	555,739	332,822	391,674	1,555,981
Cemetery Endowment	0	0	0	0	10,733	10,733
Total Fund Balances	<u>\$1,661,156</u>	<u>\$342,969</u>	<u>\$962,781</u>	<u>\$568,407</u>	<u>\$665,667</u>	<u>\$4,200,980</u>

See accompanying notes to the basic financial statements.

**CONCORD TOWNSHIP
LAKE COUNTY**

Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
December 31, 2004

Total Governmental Fund Balances	<u>\$4,200,980</u>
Net Assets of Governmental Activities	<u><u>\$4,200,980</u></u>

See accompanying notes to the basic financial statements.

**CONCORD TOWNSHIP
LAKE COUNTY**

Statement of Cash Receipts, Disbursements and Changes in Modified - Cash Basis
Fund Balances - Governmental Funds
For the Year Ended December 31, 2004

	General	Road and Bridge	Fire Levy	Road Levy	Other Governmental Funds	Total
Receipts						
Property and Other Local Taxes	\$648,717	\$740,954	\$1,815,115	\$685,961	\$102,638	\$3,993,385
Licenses, Permits and Fees	97,041	0	0	0	0	97,041
Fines and Forfeitures	478	0	0	0	0	478
Intergovernmental	578,096	96,153	379,442	88,782	164,206	1,306,679
Special Assessments	0	0	0	0	30,948	30,948
Earnings on Investments	56,339	0	0	0	2,911	59,250
Miscellaneous	169,658	0	9,275	24,276	37,332	240,541
Total Receipts	<u>1,550,329</u>	<u>837,107</u>	<u>2,203,832</u>	<u>799,019</u>	<u>338,035</u>	<u>5,728,322</u>
Disbursements						
Current:						
General Government	1,052,635	0	0	0	2,176	1,054,811
Public Safety	50	0	2,058,891	0	5,022	2,063,963
Public Works	36,663	789,928	0	884,509	103,887	1,814,987
Health	0	0	0	0	19,348	19,348
Conservation--Recreation	178,946	0	0	0	0	178,946
Other	0	0	0	0	59,032	59,032
Capital Outlay	0	0	0	0	68,435	68,435
Total Disbursements	<u>1,268,294</u>	<u>789,928</u>	<u>2,058,891</u>	<u>884,509</u>	<u>257,900</u>	<u>5,259,522</u>
Excess of Receipts Over (Under) Disbursements	282,035	47,179	144,941	(85,490)	80,135	468,800
Net Changes in Fund Balances						
Fund Balances Beginning of Year	<u>1,379,121</u>	<u>295,790</u>	<u>817,840</u>	<u>653,897</u>	<u>585,532</u>	<u>3,732,180</u>
Fund Balances End of Year	<u>\$1,661,156</u>	<u>\$342,969</u>	<u>\$962,781</u>	<u>\$568,407</u>	<u>\$665,667</u>	<u>\$4,200,980</u>

See accompanying notes to the basic financial statements.

**CONCORD TOWNSHIP
LAKE COUNTY**

Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2004

Net Change in Fund Balances - Total Government Funds	<u>\$468,800</u>
Change in Net Assets of Governmental Activities	<u><u>\$468,800</u></u>

See accompanying notes to the basic financial statements.

**CONCORD TOWNSHIP
LAKE COUNTY**

Statement of Receipts, Disbursements and Changes
in Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	(Optional)
	Original	Final		Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$641,717	\$641,717	\$648,717	\$7,000
Licenses, Permits and Fees	84,000	84,000	97,041	13,041
Fines and Forfeitures	1,700	1,700	478	(1,222)
Intergovernmental	315,122	565,122	578,096	12,974
Earnings on Investments	52,000	30,000	56,339	26,339
Miscellaneous	173,800	173,800	169,658	(4,142)
Total Receipts	1,268,339	1,496,339	1,550,329	53,990
Disbursements				
Current:				
General Government	1,236,366	2,022,801	1,838,086	184,715
Public Safety	200	200	50	150
Public Works	66,000	72,000	40,163	31,837
Conservation--Recreation	203,500	282,830	247,294	35,536
Other	0	151,468	150,985	483
Total Disbursements	1,506,066	2,529,299	2,276,578	252,721
Excess of Receipts Over (Under) Disbursements	(237,727)	(1,032,960)	(726,249)	306,711
Other Financing Uses	(500,000)	(780)	0	780
Net Change in Fund Balance	(737,727)	(1,033,740)	(726,249)	307,491
Fund Balance Beginning of Year	855,108	855,108	855,108	0
Prior-Year Encumbrances Appropriated	524,013	524,013	524,013	0
Fund Balance End of Year	\$641,394	\$345,381	\$652,872	\$307,491

See accompanying notes to the basic financial statements.

**CONCORD TOWNSHIP
LAKE COUNTY**

Statement of Receipts, Disbursements and Changes
in Fund Balance - Budget and Actual - Budget Basis
Road and Bridge Fund
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	(Optional) Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$733,391	\$733,391	\$740,954	\$7,563
Intergovernmental	80,482	80,482	96,153	15,671
Total Receipts	<u>813,873</u>	<u>813,873</u>	<u>837,107</u>	<u>23,234</u>
Disbursements				
Current:				
Public Works	681,700	849,500	815,295	34,205
Other	0	42,000	41,855	145
Total Disbursements	<u>681,700</u>	<u>891,500</u>	<u>857,150</u>	<u>34,350</u>
Excess of Receipts Over (Under) Disbursements	132,173	(77,627)	(20,043)	57,584
Other Financing Uses	(250,000)	(175,000)	0	175,000
Net Change in Fund Balance	(117,827)	(252,627)	(20,043)	232,584
Fund Balance Beginning of Year	160,990	160,990	160,990	0
Prior-Year Encumbrances Appropriated	134,800	134,800	134,800	0
Fund Balance End of Year	<u>\$177,963</u>	<u>\$43,163</u>	<u>\$275,747</u>	<u>\$232,584</u>

See accompanying notes to the basic financial statements.

**CONCORD TOWNSHIP
LAKE COUNTY**

Statement of Receipts, Disbursements and Changes
in Fund Balance - Budget and Actual - Budget Basis
Fire Levy Fund
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	(Optional) Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$1,790,466	\$1,790,466	\$1,815,115	\$24,649
Intergovernmental	203,411	223,411	379,442	156,031
Miscellaneous	141,256	141,256	9,275	(131,981)
Total Receipts	<u>2,135,133</u>	<u>2,155,133</u>	<u>2,203,832</u>	<u>48,699</u>
Disbursements				
Current:				
Public Safety	2,553,944	2,648,556	2,355,741	292,815
Other	0	111,000	110,192	808
	0			
Total Disbursements	<u>2,553,944</u>	<u>2,759,556</u>	<u>2,465,933</u>	<u>293,623</u>
Excess of Receipts Over (Under) Disbursements	(418,811)	(604,423)	(262,101)	342,322
Fund Balance Beginning of Year	621,228	621,228	621,228	0
Prior-Year Encumbrances Appropriated	196,612	196,612	196,612	0
Fund Balance End of Year	<u>\$399,029</u>	<u>\$213,417</u>	<u>\$555,739</u>	<u>\$342,322</u>

See accompanying notes to the basic financial statements.

**CONCORD TOWNSHIP
LAKE COUNTY**

Statement of Receipts, Disbursements and Changes
in Fund Balance - Budget and Actual - Budget Basis
Road Levy Fund
For the Year Ended December 31, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>(Optional) Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and Other Local Taxes	\$677,458	\$677,458	\$685,961	\$8,503
Intergovernmental	76,045	76,045	88,782	12,737
Miscellaneous	10,000	25,000	24,276	(724)
Total Receipts	<u>763,503</u>	<u>778,503</u>	<u>799,019</u>	<u>20,516</u>
Disbursements				
Current:				
Public Works	725,000	1,193,619	1,080,142	113,477
Other	0	40,000	39,951	49
	0			
Total Disbursements	<u>725,000</u>	<u>1,233,619</u>	<u>1,120,093</u>	<u>113,526</u>
Excess of Receipts Over (Under) Disbursements	38,503	(455,116)	(321,074)	134,042
Other Financing Uses	<u>(275,000)</u>	<u>(183,500)</u>	<u>0</u>	<u>183,500</u>
Net Change in Fund Balance	(236,497)	(638,616)	(321,074)	317,542
Fund Balance Beginning of Year	236,778	236,778	236,778	0
Prior-Year Encumbrances Appropriated	<u>417,119</u>	<u>417,119</u>	<u>417,119</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$417,400</u></u>	<u><u>\$15,281</u></u>	<u><u>\$332,823</u></u>	<u><u>\$317,542</u></u>

See accompanying notes to the basic financial statements.

**CONCORD TOWNSHIP
LAKE COUNTY**

Statement of Fiduciary Net Assets - Modified Cash Basis
December 31, 2004

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$3,085</u>
Total Assets	<u><u>\$3,085</u></u>
Net Assets	
Restricted for:	
Other Purposes	<u>\$3,085</u>
Total Net Assets	<u><u>\$3,085</u></u>

See accompanying notes to the basic financial statements.

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**CONCORD TOWNSHIP
LAKE COUNTY**

**Notes to the Financial Statements
For the Year Ending December 31, 2004**

Note 1—Reporting Entity

Concord Township, Lake County, Ohio, (the Township) is a body politic and corporate established in Ohio 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 has also elected a Fiscal Officer to oversee finances and records.

The reporting entity is comprised of the primary government, to ensure that the financial statements are not misleading. The Township does not include any component units or other organizations.

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, maintenance of Township roads, Fire & Rescue services, and cemetery services. Police protection is provided by the Lake County Sheriff's Department.

Note 2—Summary of Significant Accounting Policies

As discussed further in Note 2 C, these financial statements are presented on a modified cash basis of accounting. This modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the modified cash basis of accounting.

Following are the more significant of the Township's accounting policies.

A. Basis of Presentation

The Township's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statements of net assets and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions.

The statement of net assets presents the cash balance of the governmental activities of the Township at year end. The statement of activities compares disbursements with program receipts for each of the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a modified cash basis or draws from the Township's general receipts.

**CONCORD TOWNSHIP
LAKE COUNTY**

**Notes to the Financial Statements
For the Year Ending December 31, 2004
(Continued)**

Note 2—Summary of Significant Accounting Policies (Continued)

A. Basis of Presentation (Continued)

Fund Financial Statements

During the year, the Township segregates transactions related to certain Township functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

Operating receipts generally result from exchange transactions such as charges for services directly relating to the funds' principal services. Operating disbursements include costs of sales and services and administrative costs. The fund statements report all other receipts and disbursements as nonoperating.

B. Fund Accounting

The Township uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Township are divided into two categories: governmental and fiduciary.

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other non-exchange transactions as governmental funds. The Township's major governmental funds are: General Fund, Road & Bridge Fund, Fire Levy Fund and Road Levy Fund.

The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

The Road & Bridge Fund is used for the improvement, construction, reconstruction, resurfacing and repair of roads and bridges.

The Fire Levy Fund is used to provide and maintain fire equipment, buildings, supplies, and payment of firefighters and associated benefits.

The Road Levy Fund is used for the improvement, construction, reconstruction, resurfacing and repair of roads and bridges.

The other governmental funds of the Township account for grants and other resources whose use is restricted to a particular purpose.

Fiduciary Funds

Agency Funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments.

The Agency Fund includes Security Deposits both from rental real estate of the Township and from rentals of the Community Center.

**CONCORD TOWNSHIP
LAKE COUNTY**

**Notes to the Financial Statements
For the Year Ending December 31, 2004
(Continued)**

Note 2—Summary of Significant Accounting Policies (Continued)

C. Basis of Accounting

The Township's financial statements are prepared using the modified cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Township are described in the appropriate section in this note.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Township may appropriate.

The appropriations resolution is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund, department, and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Township Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statement reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Township.

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from the prior year. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

E. Cash and Investments

To improve cash management, cash received by the Township is pooled and invested. Individual fund integrity is maintained through Township records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents."

Investments in the Customized Cash Management Account at Fifth Third Bank are presented on the financial statements as cash equivalents. 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 negative receipts, respectively.

**CONCORD TOWNSHIP
LAKE COUNTY**

**Notes to the Financial Statements
For the Year Ending December 31, 2004
(Continued)**

Note 2—Summary of Significant Accounting Policies (Continued)

E. Cash and Investments (Continued)

During 2004, the Township invested in the following bonds through the Fifth Third Bank Customized Cash Management Account: Freddie Mac, Fannie Mae, Federal Home Loan Bank, FHLB Discount Note, Freddie Mac Discount Note, Federal Home Loan Mortgage Corporation Discount and the Fifth Third U.S. Treasury Money Market Investment. All investments are recorded at cost.

Interest earnings are allocated to Township funds according to State statutes. Interest receipts credited to the General Fund during 2004 was \$56,339, which includes \$32,975 assigned from other Township funds.

F. Inventory and Prepaid Items

The Township reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

G. Capital Assets

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

H. Interfund Receivables/Payables

The Township reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

Revenue from the Hotel Tax is allocated as follows: at year-end, 30% of the Hotel Tax Receipts for the year are encumbered by Purchase Order toward Fire Department Capital Purchases; 30% of the Hotel Tax Receipts for the year are encumbered by Purchase Order toward Service Department Capital Purchases; the remaining 40% of the Hotel Tax Receipts remain, unencumbered, in the Hotel Tax Fund for Administrative purchases.

In 2002, the Administrative balance in the Hotel Tax Fund advanced the Fire Department \$42,336 for the Parking Pad at Station #1. No scheduled repayment of the advance has been set.

I. Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. In 2004, encumbrances were established by Purchase Order of amounts toward such Sick Leave payouts for each of Administration, Fire and Service Department personnel. Otherwise, unpaid leave is not reflected as a liability under the Township's modified cash basis of accounting.

J. Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**CONCORD TOWNSHIP
LAKE COUNTY**

**Notes to the Financial Statements
For the Year Ending December 31, 2004
(Continued)**

Note 2—Summary of Significant Accounting Policies (Continued)

K. Reserve Balance Accounts

The Township has encumbered funds in 2004 (up to 5% of current-year revenue) for “Rainy Day” funds by writing Purchase Orders to these funds.

L. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for the purchase of capital equipment to be paid for out of specified designated funds.

The Township’s policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

M. Fund Balance Reserves

The Township reserves any portion of fund balance which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

Note 3—Change in Basis of Accounting and Restatement of Fund Equity

Last year the Township reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor’s Office. This year the Township has implemented the modified cash basis of accounting described in Note 2. The fund financial statements now present each major fund in a separate column with nonmajor funds aggregated and presented in a single column, rather than a column for each fund type.

Note 4—Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance—Budget and Actual—Budgetary Basis presented for the four major funds are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The four major funds are: General Fund, Road & Bridge Fund, Fire Levy Fund and Road Levy Fund. The differences between the budgetary basis and the modified cash basis are outstanding year-end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (modified cash basis). The encumbrances outstanding at year end (budgetary basis) are as follows:

Notes Table 1

	<u>2004</u>
General Fund	\$1,008,284
Road & Bridge Fund	\$67,225
Fire Levy Fund	\$407,042
Road Levy Fund	\$235,585

**CONCORD TOWNSHIP
LAKE COUNTY**

**Notes to the Financial Statements
For the Year Ending December 31, 2004
(Continued)**

Note 5—Deposits and Investments

Monies held by the Township are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Township treasury. Active monies must be maintained either as cash in the Township treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Trustees have identified as not required for use within the current five-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Township can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-loan money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Township, and must be purchased with the expectation that it will be held to maturity.

**CONCORD TOWNSHIP
LAKE COUNTY**

**Notes to the Financial Statements
For the Year Ending December 31, 2004
(Continued)**

Note 5—Deposits and Investments (Continued)

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Township or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

At year end, the Township had \$200 in undeposited cash on hand which is not included as part of "Equity in Pooled Cash and Cash Equivalents." The \$200 represents cash in the Town Hall safe to be used as a Change Fund, primarily for zoning, for the Township office.

Deposits

The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Township or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

The Township's investment policy is limited to complying with state statute, which investment objectives include safety, liquidity and return on investments; authorized financial institutions and broker/dealers and authorized investments.

Interest rate risk is monitored by Fifth Third Bank through weighted average maturity, duration, and keeping maturities within a three-year horizon; most mature within one year.

Investments are obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government and are not considered to have credit risk. Money Market funds are invested in U.S. Treasury bonds and notes.

As of December 31, 2004, the Township had the following investments:

	Carrying Value	Maturity
Investments		
Fed Home Loan Bank	\$1,621,274	2/15/2005 – 2/27/2006
Fed Home Ln Mtg Corp Disc	147,780	3/31/2005
Fre Discount Note	171,609	8/12/2005
Freddie Mac	866,287	1/15/2005 – 6/15/2005
Fannie Mae	597,130	1/15/2005 – 2/9/2006
Federal Natl Mtg Assn Medium	189,084	6/21/2005
HH Bonds	3,000	12/31/2007
Total Investments	\$3,596,164	

**CONCORD TOWNSHIP
LAKE COUNTY**

**Notes to the Financial Statements
For the Year Ending December 31, 2004
(Continued)**

Note 5—Deposits and Investments (Continued)

Investments (Continued)

Interest rate risk arises because potential purchases of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The Township's investment policy addresses interest rate risk by requiring that the Township's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations, thereby avoiding that need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

Note 6—Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in 2004 represent the collection of 2003 taxes. Real property taxes received in 2004 were levied after October 1, 2003, on the assessed values as of January 1, 2003, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20.

Public utility property tax receipts received in 2004 represent the collection of 2003 taxes. Public utility real and tangible personal property taxes received in 2004 became a lien of December 31, 2003, were levied after October 1, 2003, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property receipts received in 2004 (other than public utility property) represent the collection of 2004 taxes. Tangible personal property taxes received in 2004 were levied after October 1, 2003, on the true value as of December 31, 2003. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payments if due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

**CONCORD TOWNSHIP
LAKE COUNTY**

**Notes to the Financial Statements
For the Year Ending December 31, 2004
(Continued)**

Note 6—Property Taxes (Continued)

The full rate of all Township operations for the year ended December 31, 2004, was the following per \$1,000 of assessed value: 57.50 Concord/Painesville Township School District; 55.94 Concord/Chardon School District; 66.88 Concord/Mentor School District. The assessed values of real property, public utility property, and tangible personal property upon which 2004 property tax receipts were based are as follows:

Class	Description	Tax Valuation
	Tax Year: 2003	
	Collection Year: 2004	
I	General RE--Residential/Agricultural	\$452,130,930
II	General RE--Other-- Commercial/Industrial	40,331,030
III	Public Utility Tangible	9,325,740
IV	General Tangible Personal Property	19,408,472
Total Estimated Tax Valuation		\$521,196,172

Note 7—Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2004, the Township contracted with broker Love Insurance for insurance through The Ohio Plan. Coverage provided by The Ohio Plan is as follows:

General Liability	\$2,000,000	Per Occurrence Limit
General Liability	\$4,000,000	Annual Aggregate Limit
Public Officials Liability	\$2,000,000	Each Wrongful Act
Automobile Coverage	\$2,000,000	Bodily Injury & Property Damage
Boiler & Machinery	\$4,768,975	Limit Per Any One Accident

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

The Township pays the Bureau of Workers' Compensation a premium based on a rate per \$100 of salaries. This rate is based on accident history and administrative costs.

The Township, through Love Insurance, also provides the following insurance for eligible employees: employee health insurance through United Healthcare, employee dental insurance through Principal Life Group, employee group-term life insurance through Jefferson Pilot Financial Insurance Company, and employee long-term disability insurance through Fortis Benefits.

**CONCORD TOWNSHIP
LAKE COUNTY**

**Notes to the Financial Statements
For the Year Ending December 31, 2004
(Continued)**

Note 8—Defined Benefit Pension Plan

A. Ohio Public Employees Retirement System

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

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

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

For the year ending December 31, 2004, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 8.5 percent of their annual covered salaries. The Township's contribution rate for pension benefits for 2004 was 13.55 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Township's required contributions for pension obligations to OPERS for the years ended December 31, 2004, 2003 and 2002 were \$102,988, \$113,996 and \$93,681, respectively. The full amount has been contributed for 2004, 2003 and 2002.

B. Ohio Police & Fire Pension Fund

The Township contributes to the Ohio Police & Fire Pension Fund (OP & F), a cost-sharing multiple-employer defined benefit plan, for our Full-Time Firefighting Personnel. OP & F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP & F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to the Ohio Police & Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations while the Township is required to contribute 24 percent for firefighters. Contributions are authorized by State statute. The Township's contributions to OP & F for full-time firefighters for the years ended December 31, 2004, 2003 and 2002 were \$111,671, \$101,862 and \$78,707, respectively. The full amount has been contributed for 2004, 2003 and 2002.

**CONCORD TOWNSHIP
LAKE COUNTY**

**Notes to the Financial Statements
For the Year Ending December 31, 2004
(Continued)**

Note 9—Postemployment Benefits

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB Statements No. 12. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2004 local government employer contribution rate was 13.55 percent of covered payroll; 4.00 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS' latest actuarial review performed as of December 31, 2004, include a rate of return on investments of 8.00 percent, an annual, increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase between 1.00 and 6.00 percent annually for the next eight years and 4.00 percent annually after eight years.

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

The number of active contributing participants in the traditional and combined plans was 369,885. Actual employer contributions for 2004 which were used to fund postemployment benefits for the years ended December 31, 2004, 2003 and 2002 were \$43,136, \$47,747 and \$39,238, respectively. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2003 were \$10.5 billion. The actuarially accrued liability and the unfounded actuarial accrued liability were \$26.9 billion and \$16.4 billion, respectively.

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

B. Ohio Police and Fire Pension Fund

The Ohio Police and Fire Pension Fund (OP & F) provides postretirement health care coverage to any person who receives or is eligible to receive a monthly service, disability or survivor benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school, or under the age of 22 if attending school full-time or on a 2/3 basis.

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the funds of OP & F shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis.

**CONCORD TOWNSHIP
LAKE COUNTY**

**Notes to the Financial Statements
For the Year Ending December 31, 2004
(Continued)**

Note 9—Postemployment Benefits (Continued)

B. Ohio Police and Fire Pension Fund (Continued)

The total firefighter contribution rate is 24 percent of covered payroll, of which 7.75 percent of covered payroll was applied to the postemployment health care program during 2004. In addition, since July 1, 1992, most retirees and survivors have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

The Township's actual contributions for 2004 that were used to fund postemployment benefits for the years ended December 31, 2004, 2003 and 2002 were \$53,258, \$48,581 and \$37,537, respectively, for firefighters. The OP & F's total health care expense for the year ended December 31, 2003 was \$150,853,148, which was net of member contributions of \$17,207,506. The number of OP & F participants eligible to receive health care benefits as of December 31, 2004, was 10,474 for firefighters.

Note 10—Leases

The Township leases copiers from Lake Business Products, which are not material to the financial statements. The Township has no other Leases for the period ending December 31, 2004. The Township disbursed \$5,703 to pay lease costs for two copiers at Town Hall and one at Fire Station #1 for the year ended December 31, 2004. Future lease payments will continue to be \$5,703 annually for the 5-year copier leases, ending on 2/3/2008.



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
Lake County
7229 Ravenna Road
Concord, Ohio 44077

To the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Concord Township, Lake County, Ohio, (the Township) as of and for the years ended December 31, 2005 and December 31, 2004, which collectively comprise the Township's basic financial statements and have issued our report thereon dated October 26, 2006, wherein we noted the Township adopted a reporting method comparable to the requirements of Government Accounting Standards Board No 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*. 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 to express our opinions 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 October 26, 2006, we reported another matter involving internal control over financial reporting we did not deem a reportable condition.

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. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Lausche Building / 615 Superior Ave., NW / Twelfth Floor / Cleveland, OH 44113-1801
Telephone: (216) 787-3665 (800) 626-2297 Fax: (216) 787-3361
www.auditor.state.oh.us

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

October 26, 2006



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

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
NOVEMBER 30, 2006**