



Mary Taylor, CPA
Auditor of State

**CONCORD TOWNSHIP
HIGHLAND COUNTY**

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HIGHLAND COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Concord Township
Highland County
1350 Redkey Road
Winchester, Ohio 45697
Concord Township

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Concord Township, Highland County, Ohio (the Township), as of and for the year ended December 31, 2005, which collectively comprises 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 2C, the accompanying financial statements and notes follow the 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 cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Concord Township, Highland County, Ohio, as of December 31, 2005, and the respective changes in cash financial position and the respective budgetary comparison for the General fund, Gasoline Tax fund, Fire District fund, Motor Vehicle License Tax fund, and FEMA fund thereof for the year then ended in conformity with the basis of accounting Note 2C describes.

For the year ended December 31, 2005, 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*.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 19, 2007, 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 "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

January 19, 2007

Concord Township
Highland County
Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited

This discussion and analysis of Concord Township's financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2005, within the limitations of the Township's 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 governmental activities increased \$13,461, or 37 percent, a significant change from the prior year, due to a decrease in Township expenses relative to road repairs. The fund most affected by the increase in cash and cash equivalents was the Gasoline Tax Fund.

The Township's general receipts are primarily property taxes and grants and entitlements not restricted to specific programs. These receipts represent respectively 18 and 9 percent of the total cash received for governmental activities during the year. Property taxes and grants and entitlements not restricted to specific programs for 2005 changed very little compared to 2004 as development within the Township has slowed.

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 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 cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the 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 within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the Government 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 the cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental activities 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 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 are indicators of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other non-financial factors as well such as the Township's property tax base, the condition of the Township's capital assets and infrastructure, the extent of the Township's debt obligations, 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.

Reporting the Government'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 Township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. 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 governmental funds are the General Fund, Gasoline Tax Fund, Fire District Fund and FEMA Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

The Government as a Whole

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

Concord Township
Highland County
Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited

(Table 1)		
Net Assets		
	Governmental Activities	
	2005	2004
Assets		
Cash and Cash Equivalents	\$50,032	\$36,571
Total Assets	\$50,032	\$36,571
Net Assets		
Restricted for:		
Road and Bridge Maintenance	27,175	12,051
Fire Protection	18,366	20,851
Other Purposes	1,991	3,094
Unrestricted	2,500	575
Total Net Assets	\$50,032	\$36,571

As mentioned previously, net assets of governmental activities increased \$13,461 or 37 percent during 2005. The increase in cash balances is primarily due to monies owed to a paving company for prior years road repairs of \$28,000, during 2004. Also, the Township received a Federal Emergency Management Agency (FEMA) grant during 2005, in the amount of \$56,904.

Table 2 reflects the changes in net assets on a cash basis in 2005. Since the Township did not prepare financial statements in this format for 2004, a comparative analysis of government-wide data has not been presented. In future years, when prior information is available, a comparative analysis will be presented.

Concord Township
Highland County
Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited

	Governmental Activities 2005
Receipts:	
Program Receipts:	
Operating Grants and Contributions	\$145,070
Total Program Receipts	145,070
General Receipts:	
Property and Other Local Taxes	40,528
Grants and Entitlements Not Restricted to Specific Programs	19,362
Loan Proceeds	17,052
Interest	233
Miscellaneous	1,172
Total General Receipts	78,347
Total Receipts	223,417
Disbursements:	
General Government	46,434
Public Safety	9,493
Public Works	130,473
Health	5,344
Capital Outlay	17,000
Principal Retirement	787
Interest and Fiscal Charges	425
Total Disbursements	209,956
Increase (Decrease) in Net Assets	13,461
Net Assets, January 1, 2005	36,571
Net Assets, December 31, 2005	\$50,032

Program receipts represent 65 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as FEMA grant, motor vehicle license and gas tax money.

General receipts represent 35 percent of the Township's total receipts, and of this amount, over 52 percent are local taxes. State and federal grants and entitlements make up 25 percent of the Township's general receipts. Other receipts are very insignificant and somewhat unpredictable revenue sources.

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 officials' salaries and benefits, Township hall maintenance and utilities.

Concord Township
Highland County
Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited

Governmental Activities

If you look at the Statement of Activities on page 10, 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. The major program disbursements for governmental activities are for general government and public works, which account for 22 and 62 percent of all governmental disbursements, respectively. 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	\$46,434	\$46,434
Public Safety	9,493	9,493
Public Works	130,473	(14,597)
Health	5,344	5,344
Capital Outlay	17,000	17,000
Principal Retirement	787	787
Interest and Fiscal Charges	425	425
Total Expenses	\$209,956	\$64,886

The dependence upon property tax receipts is apparent as over 31 percent of governmental activities are supported through these general receipts.

The Government's Funds

Total governmental funds had receipts of \$223,417 and disbursements of \$209,956. The greatest change within governmental funds occurred within the Gasoline Tax Fund. The fund balance of the Gasoline Tax Fund increased \$10,297 as the result of monies received from the Federal Emergency Management Agency (FEMA).

The fund balance of the General Fund increased \$1,925 as the result of monies received from the Federal Emergency Management Agency (FEMA). Money was received as a reimbursement for expenses incurred by the Township for weather emergencies.

The fund balance of the Fire District Fund decreased \$2,485 as the result of increased spending on equipment.

Concord Township
Highland County
Management's Discussion and Analysis
For the Year Ended December 31, 2005
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 2005, the Township amended its General Fund budget several times to reflect changing circumstances. General Fund receipts received were \$7,963 more than budgeted receipts.

Final disbursements were budgeted at \$45,129 while actual disbursements were \$43,298. The Township kept spending below budgeted amounts as demonstrated by the reported variance; therefore, receipts were able to keep pace with disbursements resulting in a fund balance increase of \$1,925.

Capital Assets and Debt Administration

Capital Assets

The Township does not report capital assets and infrastructure under the cash basis of accounting.

Debt

At December 31, 2005, the Township had \$16,213 of outstanding debt. This debt relates to the purchase of a grader in 2005.

Contacting the Government's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Karen Shroeder, Fiscal Officer, Concord Township, 1350 Redkey Road, Winchester, Ohio 45697.

CONCORD TOWNSHIP, HIGHLAND COUNTY

Statement of Net Assets - Cash Basis

December 31, 2005

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$50,032
<i>Total Assets</i>	<u><u>\$50,032</u></u>
Net Assets	
Restricted for:	
Road and Bridge Maintenance	\$27,175
Fire Protection	18,366
Other Purposes	1,991
Unrestricted	2,500
<i>Total Net Assets</i>	<u><u>\$50,032</u></u>

See accompanying notes to the basic financial statements.

CONCORD TOWNSHIP, HIGHLAND COUNTY

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

	Cash Disbursements	Program Cash Receipts	Net (Disbursements) Receipts and Changes in Net Assets
		Operating Grants and Contributions	Governmental Activities
Governmental Activities			
General Government	\$46,434	\$0	(\$46,434)
Public Safety	9,493	0	(9,493)
Public Works	130,473	145,070	14,597
Health	5,344	0	(5,344)
Other	0	0	0
Capital Outlay	17,000	0	(17,000)
Debt Service:			
Principal	787	0	(787)
Interest	425	0	(425)
<i>Total Governmental Activities</i>	<u>\$209,956</u>	<u>\$145,070</u>	<u>(64,886)</u>
General Receipts			
Property Taxes			40,528
Grants and Entitlements not Restricted to Specific Programs			19,362
Loan Proceeds			17,052
Earnings on Investments			233
Miscellaneous			1,172
<i>Total General Receipts</i>			<u>78,347</u>
Change in Net Assets			13,461
<i>Net Assets Beginning of Year</i>			<u>36,571</u>
<i>Net Assets End of Year</i>			<u><u>\$50,032</u></u>

See accompanying notes to the basic financial statements.

CONCORD TOWNSHIP, HIGHLAND COUNTY

Statement of Cash Basis Assets and Fund Balances

Governmental Funds

December 31, 2005

	<u>GENERAL</u>	<u>GASOLINE TAX</u>	<u>FIRE DISTRICT</u>	<u>FEMA</u>	<u>MOTOR VEHICLE LICENSE TAX</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
Assets							
Equity in Pooled Cash and Cash Equivalents	\$2,500	\$21,014	\$18,366	\$0	\$6,161	\$1,991	\$50,032
<i>Total Assets</i>	<u>\$2,500</u>	<u>\$21,014</u>	<u>\$18,366</u>	<u>\$0</u>	<u>\$6,161</u>	<u>\$1,991</u>	<u>\$50,032</u>
Fund Balances							
Unreserved:							
Undesignated (Deficit), Reported in:							
General Fund	\$2,500	\$0	\$0	\$0	\$0	\$0	\$2,500
Special Revenue Funds	0	21,014	18,366	0	6,161	1,991	47,532
<i>Total Fund Balances</i>	<u>\$2,500</u>	<u>\$21,014</u>	<u>\$18,366</u>	<u>\$0</u>	<u>\$6,161</u>	<u>\$1,991</u>	<u>\$50,032</u>

See accompanying notes to the basic financial statements.

CONCORD TOWNSHIP, HIGHLAND COUNTY
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2005

	GENERAL	GASOLINE TAX	FIRE DISTRICT	FEMA	MOTOR VEHICLE LICENSE TAX	OTHER GOVERNMENTAL FUNDS	TOTAL
Receipts							
Property and Other Local Taxes	\$24,719	\$0	\$5,922	\$0	\$0	\$9,887	\$40,528
Intergovernmental	16,755	70,293	1,086	56,904	12,806	6,441	164,285
Earnings on Investments	233	38	0	0	109	0	380
Miscellaneous	1,172	0	0	0	0	0	1,172
Total Receipts	42,879	70,331	7,008	56,904	12,915	16,328	206,365
Disbursements							
Current:							
General Government	27,882	3,826	0	9,836	1,482	3,408	46,434
Public Safety	0	0	9,493	0	0	0	9,493
Public Works	10,072	86,980	0	12,792	6,606	14,023	130,473
Health	5,344	0	0	0	0	0	5,344
Capital Outlay	0	17,000	0	0	0	0	17,000
Debt Service:							
Principal Retirement	0	787	0	0	0	0	787
Interest and Fiscal Charges	0	425	0	0	0	0	425
Total Disbursements	43,298	109,018	9,493	22,628	8,088	17,431	209,956
Excess of Receipts Over (Under) Disbursements	(419)	(38,687)	(2,485)	34,276	4,827	(1,103)	(3,591)
Other Financing Sources (Uses)							
Loan Proceeds	0	17,052	0	0	0	0	17,052
Transfers In	2,344	31,932	0	0	0	0	34,276
Transfers Out	0	0	0	(34,276)	0	0	(34,276)
Total Other Financing Sources (Uses)	2,344	48,984	0	(34,276)	0	0	17,052
Net Change in Fund Balances	1,925	10,297	(2,485)	0	4,827	(1,103)	13,461
Fund Balances Beginning of Year	575	10,717	20,851	0	1,334	3,094	36,571
Fund Balances End of Year	<u>\$2,500</u>	<u>\$21,014</u>	<u>\$18,366</u>	<u>\$0</u>	<u>\$6,161</u>	<u>\$1,991</u>	<u>\$50,032</u>

See accompanying notes to the basic financial statements.

CONCORD TOWNSHIP, HIGHLAND 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			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Property and Other Local Taxes	\$30,000	\$30,000	\$24,719	(\$5,281)
Intergovernmental	4,000	4,000	16,755	12,755
Earnings on Investments	100	100	233	133
Miscellaneous	3,160	3,160	1,172	(1,988)
<i>Total receipts</i>	<u>37,260</u>	<u>37,260</u>	<u>42,879</u>	<u>5,619</u>
Disbursements				
Current:				
General Government	30,800	30,800	27,882	2,918
Public Works	5,542	5,542	10,072	(4,530)
Health	3,000	3,000	5,344	(2,344)
<i>Total Disbursements</i>	<u>39,342</u>	<u>39,342</u>	<u>43,298</u>	<u>(3,956)</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(2,082)</u>	<u>(2,082)</u>	<u>(419)</u>	<u>1,663</u>
Other Financing Sources (Uses)				
Transfers In	0	0	2,344	2,344
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>2,344</u>	<u>2,344</u>
<i>Net Change in Fund Balance</i>	<u>(2,082)</u>	<u>(2,082)</u>	<u>1,925</u>	<u>4,007</u>
<i>Fund Balance Beginning of Year</i>	<u>2,082</u>	<u>2,082</u>	<u>575</u>	<u>(1,507)</u>
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$2,500</u>	<u>\$2,500</u>

See accompanying notes to the basic financial statements.

CONCORD TOWNSHIP, HIGHLAND COUNTY

Statement of Receipts, Disbursements and Changes

In Fund Balance - Budget and Actual -Budget Basis

Gasoline Tax Fund

For the Year Ended December 31, 2005

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Intergovernmental	\$60,920	\$60,920	\$70,293	\$9,373
Earnings on Investments	100	100	38	(62)
<i>Total receipts</i>	<u>61,020</u>	<u>61,020</u>	<u>70,331</u>	<u>9,311</u>
Disbursements				
Current:				
General Government	0	0	3,826	(3,826)
Public Works	61,020	61,020	86,980	(25,960)
Capital Outlay	0	0	17,000	(17,000)
Debt Service:				
Principal Retirement	0	0	787	(787)
Interest and Fiscal Charges	0	0	425	(425)
<i>Total Disbursements</i>	<u>61,020</u>	<u>61,020</u>	<u>109,018</u>	<u>(47,998)</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>0</u>	<u>0</u>	<u>(38,687)</u>	<u>(38,687)</u>
Other Financing Sources (Uses)				
Other Debt Proceeds	0	0	17,052	17,052
Transfers In	0	0	31,932	31,932
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>48,984</u>	<u>48,984</u>
<i>Net Change in Fund Balance</i>	0	0	10,297	10,297
<i>Fund Balance Beginning of Year</i>	<u>10,717</u>	<u>10,717</u>	<u>10,717</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$10,717</u>	<u>\$10,717</u>	<u>\$21,014</u>	<u>\$10,297</u>

See accompanying notes to the basic financial statements.

CONCORD TOWNSHIP, HIGHLAND COUNTY

Statement of Receipts, Disbursements and Changes

In Fund Balance - Budget and Actual -Budget Basis

Fire District Fund

For the Year Ended December 31, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$6,150	\$6,150	\$5,922	(\$228)
Intergovernmental	500	500	1,086	586
<i>Total receipts</i>	<u>6,650</u>	<u>6,650</u>	<u>7,008</u>	<u>358</u>
Disbursements				
Current:				
Public Safety	0	0	9,493	(9,493)
<i>Total Disbursements</i>	<u>0</u>	<u>0</u>	<u>9,493</u>	<u>(9,493)</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>6,650</u>	<u>6,650</u>	<u>(2,485)</u>	<u>(9,135)</u>
<i>Net Change in Fund Balance</i>	6,650	6,650	(2,485)	(9,135)
<i>Fund Balance Beginning of Year</i>	<u>20,338</u>	<u>20,338</u>	<u>20,851</u>	<u>513</u>
<i>Fund Balance End of Year</i>	<u>\$26,988</u>	<u>\$26,988</u>	<u>\$18,366</u>	<u>(\$8,622)</u>

See accompanying notes to the basic financial statements.

CONCORD TOWNSHIP, HIGHLAND COUNTY

Statement of Receipts, Disbursements and Changes

In Fund Balance - Budget and Actual -Budget Basis

FEMA Fund

For the Year Ended December 31, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$0	\$64,164	\$56,904	(\$7,260)
<i>Total receipts</i>	<u>0</u>	<u>64,164</u>	<u>56,904</u>	<u>(7,260)</u>
Disbursements				
Current:				
General Government	0	0	9,836	(9,836)
Public Works	0	0	12,792	(12,792)
<i>Total Disbursements</i>	<u>0</u>	<u>0</u>	<u>22,628</u>	<u>(22,628)</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>0</u>	<u>64,164</u>	<u>34,276</u>	<u>(29,888)</u>
Other Financing Sources (Uses)				
Transfers Out	0	0	(34,276)	(34,276)
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>(34,276)</u>	<u>(34,276)</u>
<i>Net Change in Fund Balance</i>	0	64,164	0	(64,164)
<i>Fund Balance Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$64,164</u>	<u>\$0</u>	<u>(\$64,164)</u>

See accompanying notes to the basic financial statements.

CONCORD TOWNSHIP, HIGHLAND COUNTY

Statement of Receipts, Disbursements and Changes

In Fund Balance - Budget and Actual -Budget Basis

Motor Vehicle License Tax Fund

For the Year Ended December 31, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$13,508	\$13,508	\$12,806	(\$702)
Earnings on Investments	0	0	109	109
<i>Total receipts</i>	<u>13,508</u>	<u>13,508</u>	<u>12,915</u>	<u>(593)</u>
Disbursements				
Current:				
General Government	3,000	3,000	1,482	1,518
Public Works	8,386	8,386	6,606	1,780
<i>Total Disbursements</i>	<u>11,386</u>	<u>11,386</u>	<u>8,088</u>	<u>3,298</u>
<i>Net Change in Fund Balance</i>	2,122	2,122	4,827	2,705
<i>Fund Balance Beginning of Year</i>	<u>878</u>	<u>878</u>	<u>1,334</u>	<u>456</u>
<i>Fund Balance End of Year</i>	<u>\$3,000</u>	<u>\$3,000</u>	<u>\$6,161</u>	<u>\$3,161</u>

See accompanying notes to the basic financial statements.

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Concord Township
Highland County
Notes to the Financial Statements
For the Year Ended December 31, 2005

Note 1 – Reporting Entity

Concord Township, Highland County, Ohio (the Township), is a body politic and corporate established in 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 also has an elected Township Fiscal Officer.

The reporting entity is comprised of the primary government, component units and other organizations that were included to ensure that the financial statements are not misleading.

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 and bridges, and cemetery maintenance. The Township contracts with the Village of Mowrystown for fire protection.

B. Component Units

Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Township is obligated for the debt of the organization. The Township is also financially accountable for any organizations that are fiscally dependent on the Township in that the Township approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Township, are accessible to the Township and are significant in amount to the Township.

The Township has no component units.

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

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This 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 cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails.

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.

Concord Township
Highland County
Notes to the Financial Statements
For the Year Ended December 31, 2005

Note 2 – Summary of Significant Accounting Policies (continued)

Government-Wide Financial Statements

The statement 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. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange 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 and receipts of interest earned on grants that is required to be used to support 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 cash basis or draws from the Township's general receipts.

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 fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

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 classified as governmental.

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. Monies are assigned to the various governmental funds according to the purposes for which they may or must be used. The following are the Township's major governmental funds:

General 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.

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

Fire District Fund – This fund receives property tax money for providing fire protection for Township residents.

FEMA Fund – This fund receives money from grants from the Federal Emergency Management Agency to help with costs of snow and ice storms.

Concord Township
Highland County
Notes to the Financial Statements
For the Year Ended December 31, 2005

Note 2 – Summary of Significant Accounting Policies (continued)

Motor Vehicle License Tax Fund – This fund receives motor vehicle tax money to pay for constructing, maintaining and repairing Township roads.

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

C. Basis of Accounting

The Township's financial statements are prepared using the cash basis of accounting. 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.

As a result of the use of this 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 liabilities and the related expenses) 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 ordinance, 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 ordinance 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 Clerk. 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 statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Township.

The appropriations ordinance 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 ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

E. Cash and Deposits

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".

During 2005, the Township invests all available funds in a NOW checking account and a certificate of deposit with a local commercial bank. The Township values certificates of deposit at cost.

Concord Township
Highland County
Notes to the Financial Statements
For the Year Ended December 31, 2005

Note 2 – Summary of Significant Accounting Policies (continued)

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2005 was \$233.

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. 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 9 and 10, the employer contributions include portions for pension benefits and for postretirement health care benefits.

I. 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 gasoline tax. Restricted net assets represent \$47,532 of a total fund balance of \$50,032. 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.

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 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 – Compliance

During 2005, the Township did not certify the availability of funds before making commitments. Also, disbursements exceeded appropriations in the General fund, the Gasoline Tax fund, the Fire District fund and the FEMA fund. The Township also did not authorize the necessary tax levies for 2005.

Note 5 – 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 general fund and any major special revenue funds are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). There were no material encumbrances outstanding at year end.

Note 6 – 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-load 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.

Concord Township
Highland County
Notes to the Financial Statements
For the Year Ended December 31, 2005

Note 6 - Deposits and Investments (continued)

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, the Township's entire bank balance of \$53,032 was covered by FDIC insurance.

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.

Note 7 – 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. Under certain circumstances, State statute permits alternate payment dates to be established.

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 on 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 tax 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 payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Township operations for the year ended December 31, 2005, was \$3.10 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2005 property tax receipts were based are as follows:

Real Property		
Residential	\$	9,760,190
Agriculture		7,589,430
Commercial/Industrial/Mineral		277,240
Public Utility Property:		
Personal		1,320,890
Tangible Personal Property		1235,304
Total Assessed Value	\$	<u>19,073,054</u>

Note 8 – Risk Management

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Government belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member townships pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

OTARMA retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. Townships can elect additional coverage, from \$2,000,000 to \$12,000,000 with the General Reinsurance Corporation, through contracts with OTARMA.

If losses exhaust OTARMA's retained earnings, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

Property Coverage

Through 2004, OTARMA retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500 million per occurrence. APEEP's Guarantee Fund was responsible for losses and loss adjustment expenses exceeding operating contributions.

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable value. If the stop loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2005 was \$1,682,589.

The aforementioned casualty and property reinsurance agreements do not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective township.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

Members may withdraw on each anniversary of the date they joined OTARMA. They must provide written notice to OTARMA 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contribution, minus the subsequent year's premium. Also upon withdrawal, payments for all property and casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the withdrawal.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2005 and 2004.

Concord Township
Highland County
Notes to the Financial Statements
For the Year Ended December 31, 2005

Note 8 – Risk Management (continued)

<u>Casualty Coverage</u>	<u>2005</u>	<u>2004</u>
Assets	\$30,485,638	\$28,132,620
Liabilities	(12,344,576)	(11,086,379)
Retained earnings	<u>\$18,141,062</u>	<u>\$17,046,241</u>

<u>Property Coverage</u>	<u>2005</u>	<u>2004</u>
Assets	\$9,177,796	\$7,588,343
Liabilities	(1,406,031)	(543,176)
Retained earnings	<u>\$7,771,765</u>	<u>\$7,045,167</u>

The Casualty Coverage assets and retained earnings above include approximately \$11.6 million and \$10.3 million of unpaid claims to be billed to approximately 950 member townships in the future, as of December 31, 2005 and 2004, respectively. OTARMA will collect these amounts in future annual premium billings when OTARMA's related liabilities are due for payment. The Township's share of these unpaid claims is approximately \$7,728.

Note 9 – 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 contributions (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 directed 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 ended December 31, 2005, the members of all three plans, 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.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2005, 2004, and 2003 were \$7,925, \$8,181, and \$7,534 respectively. The full amount has been contributed for 2005, 2004 and 2003.

Concord Township
Highland County
Notes to the Financial Statements
For the Year Ended December 31, 2005

Note 10 - 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 Statement 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's 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 376,109. Actual employer contributions for 2005 which were used to fund postemployment benefits were \$1,433. 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, (the latest information available) were \$10.8 billion. The actuarially accrued liability and the unfunded 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.

Note 11 – Debt

Debt outstanding at December 31, 2005 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Loan	<u>\$16,213</u>	6.5%

The loan was issued to finance the purchase of a grader. The loan is collateralized solely by the Township's taxing authority.

Concord Township
Highland County
Notes to the Financial Statements
For the Year Ended December 31, 2005

The following is a summary of the Township's future annual debt service requirements including interest:

Year ending December 31:	<u>Loan</u>
2006	\$2,322
2007	2,322
2008	2,322
2009	2,322
2010	2,322
2011-2014	<u>8,127</u>
Total	<u><u>\$19,737</u></u>



Mary Taylor, CPA

Auditor of State

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

Concord Township
Highland County
1350 Redkey Road
Winchester, Ohio 45697

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, Highland County, Ohio (the Township) as of and for the year ended December 31, 2005, which collectively comprise the Township's basic financial statements and have issued our report thereon dated January 19, 2007, wherein we noted the Township follows the accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also noted that the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. 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 opinion on the financial statements and not to opine on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Township's ability to record, process, summarize, and report financial data consistent with management's assertions in the financial statements. A reportable condition is described in the accompanying schedule of findings as item 2005-001.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered material weaknesses. However, we do not believe the reportable condition described above is a material weakness. In a separate letter to the Township's management dated January 19, 2007, we reported other matters involving internal control over financial reporting which we did not deem reportable conditions.

Corporate Centre of Blue Ash / 11117 Kenwood Rd. / Blue Ash, OH 45242
Telephone: (513) 361-8550 (800) 368-7419 Fax: (513) 361-8577
www.auditor.state.oh.us

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 instances of noncompliance that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2005-001, 2005-002 and 2005-003. In a separate letter to the Township's management dated January 19, 2007, we reported other matters related to noncompliance we deemed immaterial.

We intend this report solely for the information and use of management and board of trustees. It is not intended for anyone other than these specified parties.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

January 19, 2007

CONCORD TOWNSHIP
HIGHLAND COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2005

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

FINDING NUMBER 2005-001

Noncompliance Citation/Reportable Condition

Ohio Rev. Code, Section 5705.41 (D), requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the subdivision's fiscal officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code

1. "Then and Now" certificate – If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Board can authorize the drawing of a warrant for the payment of the amount due. The Board has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000, (\$1,000 prior to April 7, 2003) may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Board.

2. Blanket Certificate – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. Super Blanket Certificate – The Board may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

One hundred percent (100%) of the purchases tested were initiated without obtaining the prior certification of the Fiscal Officer and were not subsequently approved by the Board of Trustees within the aforementioned 30 day time period.

**FINDING NUMBER 2005-001
 (Continued)**

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Township's fund exceeding budgetary spending limitations, we recommend that the Fiscal Officer certify that the funds are or will be available prior to obligation by the Township. When prior certification is not possible, "then and now" certification should be used.

We recommend the Township certify purchases to which section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language 5705.41 (D) requires to authorize disbursements. The Fiscal Officer should sign the certification at the time the Township incurs a commitment, and only when the requirements of 5705.41(D) are satisfied. The Fiscal Officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

Officials' Response

We did not receive a response from Officials to this finding.

FINDING NUMBER 2005-002

Noncompliance Citation

Ohio Rev. Code, Section 5705.34, provides that each taxing authority shall authorize the necessary tax levies for the following year and certify them to the County Auditor before the first day of October in each year. The resolution for 2005 was required to be made by October 1, 2004. The Township did not submit the Resolution Accepting the Amounts and Rates as Determined by the Budget Commission for 2005, nor was it recorded in the Township's minute records as being adopted. Failure to submit the resolution could result in the loss of tax money. We recommend the Township implement procedures to authorize the necessary tax levies by or before October 1.

Officials' Response

We did not receive a response from Officials to this finding.

FINDING NUMBER 2005-003

Noncompliance Citation

Ohio Rev. Code, Section 5705.41(B), provides that no subdivision or taxing unit is to expend money unless it has been appropriated. During 2005, expenditures exceeded appropriations in the following funds:

Fund	Appropriations	Expenditures	Variance
General	\$39,342	\$ 43,298	(\$ 3,956)
Gasoline Tax	61,020	109,018	(47,998)
Fire	0	9,493	(9,493)
FEMA	0	56,904	(56,904)

**FINDING NUMBER 2005-003
(Continued)**

Failure to properly monitor appropriations and amend appropriations could result in the illegal expenditure of monies. We recommend that the Township take steps to ensure appropriations are being properly monitored and recorded in the ledgers. No expenditures should be made unless there are sufficient appropriations to cover the expenditures.

Officials' Response

We did not receive a response from Officials to this finding.

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**CONCORD TOWNSHIP
HIGHLAND COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FISCAL YEAR END DECEMBER 31, 2005**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2003-001	ORC 117.38 – Annual financial report not filed timely.	Yes	
2003-002	ORC 121.22, 149.34 and 507.04 – minutes lacked important information.	Yes	
2003-003	ORC 5705.09 – did not establish Capital Projects fund.	Yes	
2003-004	ORC 5705.10 –mis posting of rollback and homestead.	No	Partially corrected, repeated as a management letter comment.
2003-005	ORC 5705.34 – Resolution authorizing necessary tax levies.	No	Repeated as 2005-002
2003-006	ORC 5705.36 – estimated receipts exceed actual receipts.	No	Partially corrected, repeated as a management letter comment.
2003-007	ORC 5705.39 – appropriations exceeded estimated resources.	No	Partially corrected, repeated as a management letter comment.
2003-008	ORC 5705.40 – additional appropriations and appropriation transfers made to accounting records without board approval.	No	Partially corrected, repeated as a management letter comment.
2003-009	ORC 5705.41 (B) – Disbursements exceed appropriations.	No	Repeated as 2005-003.
2003-010	ORC 5705.41 (D) – the availability of funds was not certified for certain commitments.	No	Repeated as 2005-001.
2003-011	Itemized vendor invoices not attached to some vouchers.	Yes	

Concord Township
 Highland County
 Schedule of Prior Audit Findings
 Page 2

2003-012	Township Officials have not properly followed Ohio laws as reflected in audit.	No	Partially corrected, moved to management letter.
2003-013	Township paid \$1,333 in fines, penalties and late fees for failing to file reports and pay bills on a timely basis.	Yes	
2003-014	Lease payments and utilities on old school building not properly documented.	Yes	



Mary Taylor, CPA
Auditor of State

CONCORD TOWNSHIP

HIGHLAND COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 22, 2007**