



Mary Taylor, CPA
Auditor of State

**CONCORD TOWNSHIP
LAKE COUNTY**

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LAKE COUNTY**

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Mary Taylor, CPA

Auditor of State

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 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, 2007 and December 31, 2006, 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 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, Lake County, Ohio, as of December 31, 2007 and December 31, 2006 and the respective changes in cash financial position and the respective budgetary comparison for the General, Road and Bridge, Fire Levy and Road Levy funds thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2008, 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 cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

October 29, 2008

CONCORD TOWNSHIP
LAKE COUNTY

Management's Discussion and Analysis
For the Year Ended December 31, 2007
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, 2007, 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 2007 are as follows:

Net assets of the Township activities decreased \$33,349, or .6%, an insignificant change to 2007. Due to starting the Morley Hill II Summer Road Project the township expended more funds than it received.

The Township's primary revenue is from real estate tax, representing 63% 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 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 with this report, the reader must keep in the mind the limitations resulting from the use of the cash basis of accounting.

CONCORD TOWNSHIP
LAKE COUNTY

Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

Reporting the Township as a Whole

The statement of net assets and the statement of activities reflect how the Township did financially during 2007, within the limitations of 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 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 non-financial factors as well such as the Township's property tax base, the condition of the Township's capital assets and infrastructure, 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 reports government activity. Most of the Township's services are reported here, including administration, recreation, zoning, fire protection 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 the 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 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 non-major 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, Road & Bridge, Fire Levy, Road Levy and Capital Projects Funds. 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, 2007
Unaudited

The Township as a Whole

Table 1 provides a summary of the Township's net assets for 2007 compared to 2006 on a cash basis.

Table 1
Net Assets

Assets	Governmental Activities	
	2007	2006
Equity in Pooled Cash & Cash Equivalents	\$5,413,343	\$5,446,692
Total Assets	\$5,413,343	\$5,446,692
Net Assets		
Restricted for:		
Permanent Fund:		
Cemetery Perpetual Maintenance	\$19,700	\$19,212
Other Purpose	3,650,102	3,358,469
Unrestricted	1,743,541	2,069,011
Total Net Assets	\$5,413,343	\$5,446,692

Net assets decreased \$33,349, or .6%, during 2007. Significant items include:

- Earnings for Investments, due to higher interest rates, increased \$100,467.
- Emergency Medical Services billing generated revenue of \$218,131.
- Salaries and Benefits of approximately \$3,575,000 continue to be the largest single expense of the Township, representing approximately 47% of expenditures.
- Disbursements for the General Fund represent 21% of the total disbursements. These disbursements represent salaries and benefits, utilities, insurance, trash removal, and computer expenses.
- Disbursement costs for the Road and Bridge and Road Levy Funds represent 15% and 14%, respectively, of the total expenditures. Of that figure, a significant portion, 17%, represents the direct costs of road maintenance and repair: contracts for road improvements, road salt and road operating materials (e.g. concrete and stone).
- Disbursement costs for the Fire Levy Fund represent 34% of the total expenditures. Of that figure, the Township purchased an ambulance for \$114,995.
- Disbursement costs for the Capital Project fund represent 5% of the total expenditures. This amount represents the Township's sewer improvement project.

CONCORD TOWNSHIP
LAKE COUNTY

Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

Table 2 reflects the changes in net assets in 2007.

Table 2
Changes in Net Assets

	Governmental Activities	
	2007	2006
Receipts:		
Program Cash Receipts		
Charges for Services and Sales	\$611,621	\$428,271
Operating Grants and Contributions	26,521	148,599
Capital Grants and Contributions	317,175	0
Total Program Receipts	955,317	576,870
General Receipts		
Property & Other Local Taxes	4,888,137	4,572,019
Grants not Restricted to Specific Programs	1,334,972	1,200,856
Earnings on Investments	312,799	212,332
Sale of Equipment	0	12,700
Special Assessments	59,342	54,060
Total General Receipts	\$6,595,250	\$6,051,967
Total Receipts	7,550,567	6,628,837
Disbursements:		
General Government	1,483,846	1,127,379
Public Safety	2,449,835	2,280,352
Public Works	2,783,765	1,683,979
Health	18,799	16,568
Conservation-Recreation	177,570	220,265
Other	2,050	5,011
Capital Outlay	668,051	282,219
Total Disbursements	7,583,916	5,615,773
Increase (Decrease) in Net Assets	(33,349)	1,013,064
Net Assets, January 1	5,446,692	4,433,628
Net Assets, December 31	\$5,413,343	\$5,446,692

Program receipts represent only 13% of total receipts and are primarily comprised of restricted intergovernmental receipts such as grants, zoning permits and fees, franchise fees and contributions.

General Government receipts represent 87% of the Township's total receipts, and of this amount, over 74% is from property and other local taxes.

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.

CONCORD TOWNSHIP
LAKE COUNTY

Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

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 32% of all governmental disbursements. Public Works accounts for 37% 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 Cash 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 (Disbursement) Receipt 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 2007	Net Cost of Services 2007	Total Cost of Services 2006	Net Cost of Services 2006
General Government	\$1,483,846	(\$1,357,558)	\$1,127,379	(\$939,892)
Public Safety	2,449,835	(2,201,131)	2,280,352	(2,246,898)
Public Works	2,783,765	(2,381,117)	1,683,979	(1,464,595)
Health	18,799	8,395	16,568	(2,728)
Conservation-Recreation	177,570	(132,961)	220,265	(160,393)
Other	2,050	103,824	5,011	57,822
Capital Outlay	668,051	(668,051)	282,219	(282,219)
Total Expenses	\$7,583,916	(\$6,628,599)	\$5,615,773	(\$5,038,903)

The dependence upon property and other tax receipts is apparent as over 64% of governmental activities are supported through these receipts.

The Township's Funds

Total governmental funds had receipts of \$7,550,567 and disbursements of \$7,583,916. The greatest change within governmental funds occurred within the General, Road Levy and Capital Projects Funds, due to the Morley Hills II Summer Road Project of \$1,066,000.

Upcoming projects, including Viewmount Road, the Sewer Expansion Project, completion of the Emergency (Flood) Cascade Embankment Wall, Administrative Improvements, Fire Engine and Ambulance Purchases, and Service Department Equipment, will require cash from all funds.

CONCORD TOWNSHIP
LAKE COUNTY

Management's Discussion and Analysis
For the Year Ended December 31, 2007
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.

During the fiscal year 2007, the Township amended its budget several times to reflect changing circumstances. The budget basis receipts increased from the original budgeted estimates by 10%. This increase was mainly from higher than expected homestead and rollbacks, and earnings on investments. The difference between budgeted receipts and actual receipts was \$87,094.

Final disbursements were budgeted at \$2,642,740 while actual disbursements were \$1,616,440.

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 - Cash Basis
December 31, 2007

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash & Cash Equivalents	<u>\$5,413,343</u>
Total Assets	<u><u>\$5,413,343</u></u>
Net Assets	
Restricted for:	
Cemetery Endowment	\$19,700
Other Purposes	3,650,102
Unrestricted	<u>1,743,541</u>
Total Net Assets	<u><u>\$5,413,343</u></u>

See accompanying notes to the basic financial statements.

**CONCORD TOWNSHIP
LAKE COUNTY**

Statement of Activities - Cash Basis
For the Year Ended December 31, 2007

	<u>Program Cash Receipts</u>				<u>Net (Disbursements) Receipts and Changes in Net Assets</u>
	<u>Cash Disbursements</u>	<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental Activities					
General Government	\$1,483,846	\$126,288	\$0	\$0	(\$1,357,558)
Public Safety	2,449,835	248,704	0	0	(\$2,201,131)
Public Works	2,783,765	58,952	26,521	317,175	(\$2,381,117)
Health	18,799	27,194	0	0	\$8,395
Conservation--Recreation	177,570	44,609	0	0	(\$132,961)
Other	2,050	105,874	0	0	\$103,824
Capital Outlay	668,051	0	0	0	(\$668,051)
Total Governmental Activities	<u>7,583,916</u>	<u>611,621</u>	<u>26,521</u>	<u>317,175</u>	<u>(\$6,628,599)</u>
		General Receipts			
		Property Taxes			\$4,755,466
		Other Taxes			132,671
		Special Assessments			59,342
		Grants and Entitlements Restricted to Special Programs			1,334,972
		Earnings on Investments			<u>312,799</u>
		Total General Receipts			<u>6,595,250</u>
		Changes in Net Assets			(33,349)
		Net Assets at Beginning of Year			<u>5,446,692</u>
		Net Assets at End of Year			<u><u>\$5,413,343</u></u>

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, 2007

	<u>General</u>	<u>Road and Bridge</u>	<u>Fire Levy</u>	<u>Road Levy</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets							
Equity in Pooled Cash and Cash Equivalents	\$1,743,541	\$465,168	\$1,207,420	\$544,382	\$631,682	\$821,150	\$5,413,343
Total Assets	<u>\$1,743,541</u>	<u>\$465,168</u>	<u>\$1,207,420</u>	<u>\$544,382</u>	<u>\$631,682</u>	<u>\$821,150</u>	<u>\$5,413,343</u>
Fund Balances							
Reserved:							
Reserved for Encumbrances	\$33,582	\$79,457	\$16,893	\$11,085	\$0	\$1,386	\$142,403
Unreserved:							
General Fund	1,709,959	0	0	0	0	0	1,709,959
Special Revenue Funds	0	385,711	1,190,527	533,297	0	800,064	2,909,599
Capital Project Fund	0	0	0	0	631,682	0	631,682
Cemetery Endowment	0	0	0	0	0	19,700	19,700
Total Fund Balances	<u>\$1,743,541</u>	<u>\$465,168</u>	<u>\$1,207,420</u>	<u>\$544,382</u>	<u>\$631,682</u>	<u>\$821,150</u>	<u>\$5,413,343</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, 2007

Total Governmental Fund Balances	<u>\$5,413,343</u>
Net Assets of Governmental Activities	<u><u>\$5,413,343</u></u>

See accompanying notes to the basic financial statements.

**CONCORD TOWNSHIP
LAKE COUNTY**

Statement of Cash Receipts, Disbursements and Changes in - Cash Basis
Fund Balances - Governmental Funds
For the Year Ended December 31, 2007

	General	Road and Bridge	Fire Levy	Road Levy	Capital Projects	Other Governmental Funds	Total
Receipts							
Property and Other Local Taxes	\$829,582	\$928,205	\$2,236,472	\$761,207	\$0	\$132,671	\$4,888,137
Licenses, Permits and Fees	198,367	0	0	0	0	224,225	422,592
Fines and Forfeitures	440	0	0	0	0	0	440
Intergovernmental	612,713	117,053	286,403	95,477	317,175	229,126	1,657,947
Special Assessments	0	0	0	0	0	59,342	59,342
Earnings on Investments	302,378	0	0	0	0	10,421	312,799
Miscellaneous	103,282	0	30,573	6,088	15,865	53,502	209,310
Total Receipts	2,046,762	1,045,258	2,553,448	862,772	333,040	709,287	7,550,567
Disbursements							
Current:							
General Government	1,233,656	0	0	0	0	250,190	1,483,846
Public Safety	23,341	0	2,417,620	0	0	8,874	2,449,835
Public Works	148,291	1,103,822	0	1,051,706	0	479,946	2,783,765
Health	0	0	0	0	0	18,799	18,799
Conservation--Recreation	177,570	0	0	0	0	0	177,570
Other	0	0	0	0	0	2,050	2,050
Capital Outlay	0	0	127,471	0	375,732	164,848	668,051
Total Disbursements	1,582,858	1,103,822	2,545,091	1,051,706	375,732	924,707	7,583,916
Other Financing Sources (Uses)							
Transfers In	0	0	0	0	674,374	0	674,374
Transfers (Out)	(674,374)	0	0	0	0	0	(674,374)
Advances In	0	0	0	0	0	115,000	115,000
Advances (Out)	(115,000)	0	0	0	0	0	(115,000)
Total Other Financing Sources (Uses)	(789,374)	0	0	0	674,374	115,000	0
Excess of Receipts Over (Under) Disbursements	(325,470)	(58,564)	8,357	(188,934)	631,682	(100,420)	(33,349)
Net Changes in Fund Balances							
Fund Balances Beginning of Year	2,069,011	523,732	1,199,063	733,316	0	921,570	5,446,692
Fund Balances End of Year	\$1,743,541	\$465,168	\$1,207,420	\$544,382	\$631,682	\$821,150	\$5,413,343

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, 2007

Net Change in Fund Balances - Total Government Funds	<u>(\$33,349)</u>
Change in Net Assets of Governmental Activities	<u><u>(\$33,349)</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, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and Other Local Taxes	\$813,887	\$807,444	\$829,582	\$22,138
Licenses, Permits and Fees	157,540	204,000	198,367	(5,633)
Fines and Forfeitures	300	300	440	140
Intergovernmental	460,698	526,131	612,713	86,582
Earnings on Investments	173,300	250,000	302,378	52,378
Miscellaneous	157,243	171,793	103,282	(68,511)
Total Receipts	<u>1,762,968</u>	<u>1,959,668</u>	<u>2,046,762</u>	<u>87,094</u>
Disbursements				
Current:				
General Government	1,728,865	1,766,615	1,264,910	501,705
Public Safety	200	23,500	23,341	159
Public Works	625,000	436,950	148,291	288,659
Conservation--Recreation	313,675	325,675	179,898	145,777
Other	90,000	90,000	0	90,000
Capital Outlay	0	0	0	0
Total Disbursements	<u>2,757,740</u>	<u>2,642,740</u>	<u>1,616,440</u>	<u>1,026,300</u>
Excess of Receipts Over (Under) Disbursements	(994,772)	(683,072)	430,322	1,113,394
Other Financing Uses				
Transfers Out	(674,374)	(674,374)	(674,374)	0
Advances Out	0	(115,000)	(115,000)	0
Total Other Financing Uses	(674,374)	(789,374)	(789,374)	0
Net Change in Fund Balance	(1,669,146)	(1,472,446)	(359,052)	1,113,394
Fund Balance Beginning of Year	2,009,263	2,009,263	2,009,263	0
Prior-Year Encumbrances Appropriated	<u>59,748</u>	<u>59,748</u>	<u>59,748</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$399,865</u></u>	<u><u>\$596,565</u></u>	<u><u>\$1,709,959</u></u>	<u><u>\$1,113,394</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 and Bridge Fund
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$922,735	\$922,735	\$928,205	\$5,470
Intergovernmental	112,893	112,893	117,053	\$4,160
Miscellaneous	0	0	0	0
Total Receipts	<u>1,035,628</u>	<u>1,035,628</u>	<u>1,045,258</u>	<u>9,630</u>
Disbursements				
Current:				
Public Works	1,242,626	1,332,826	1,183,279	149,547
Other	45,000	45,000	0	45,000
Total Disbursements	<u>1,287,626</u>	<u>1,377,826</u>	<u>1,183,279</u>	<u>194,547</u>
Excess of Receipts Over (Under) Disbursements	(251,998)	(342,198)	(138,021)	204,177
Other Financing Uses	<u>(100,000)</u>	<u>(9,800)</u>	<u>0</u>	<u>(9,800)</u>
Net Change in Fund Balance	(351,998)	(351,998)	(138,021)	213,977
Fund Balance Beginning of Year	518,278	518,278	518,278	0
Prior-Year Encumbrances Appropriated	<u>5,454</u>	<u>5,454</u>	<u>5,454</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$171,734</u></u>	<u><u>\$171,734</u></u>	<u><u>\$385,711</u></u>	<u><u>\$213,977</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, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and Other Local Taxes	\$2,223,400	\$2,220,094	\$2,236,472	\$16,378
Intergovernmental	283,474	276,780	286,403	9,623
Miscellaneous	5,000	5,000	30,573	25,573
Total Receipts	<u>2,511,874</u>	<u>2,501,874</u>	<u>2,553,448</u>	<u>51,574</u>
Disbursements				
Current:				
Public Safety	2,780,432	2,806,132	2,434,513	371,619
Other	120,000	120,000	0	120,000
Miscellaneous	0	140,300	0	140,300
Capital Outlay	293,471	127,471	127,471	0
Total Disbursements	<u>3,193,903</u>	<u>3,193,903</u>	<u>2,561,984</u>	<u>631,919</u>
Net Change in Fund Balance	(682,029)	(692,029)	(8,536)	683,493
Fund Balance Beginning of Year	1,055,131	1,055,131	1,055,131	0
Prior-Year Encumbrances Appropriated	143,932	143,932	143,932	0
Fund Balance End of Year	<u>\$517,034</u>	<u>\$507,034</u>	<u>\$1,190,527</u>	<u>\$683,493</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, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Receipts				
Property and Other Local Taxes	\$755,149	\$755,149	\$761,207	\$6,058
Intergovernmental	92,388	92,388	95,477	3,089
Miscellaneous	15,000	15,000	6,088	(8,912)
Total Receipts	<u>862,537</u>	<u>862,537</u>	<u>862,772</u>	<u>235</u>
Disbursements				
Current:				
Public Works	1,032,316	1,271,316	1,062,791	208,525
Other	40,000	40,000	0	40,000
Total Disbursements	<u>1,072,316</u>	<u>1,311,316</u>	<u>1,062,791</u>	<u>248,525</u>
Excess of Receipts Over (Under) Disbursements	(209,779)	(448,779)	(200,019)	248,760
Other Financing Uses	<u>(250,000)</u>	<u>(11,000)</u>	<u>0</u>	<u>11,000</u>
Net Change in Fund Balance	(459,779)	(459,779)	(200,019)	259,760
Fund Balance Beginning of Year	732,317	732,317	732,317	0
Prior-Year Encumbrances Appropriated	<u>999</u>	<u>999</u>	<u>999</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$273,537</u></u>	<u><u>\$273,537</u></u>	<u><u>\$533,297</u></u>	<u><u>\$259,760</u></u>

See accompanying notes to the basic financial statements.

**CONCORD TOWNSHIP
LAKE COUNTY**

Statement of Fiduciary Net Assets - Cash Basis
December 31, 2007

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$2,860</u>
Total Assets	<u><u>\$2,860</u></u>
Net Assets	
Restricted for:	
Other Purposes	<u>\$2,860</u>
Total Net Assets	<u><u>\$2,860</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, 2007

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.

A. Primary Government

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.

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. Concord Township does not have any component units.

C. Joint Ventures, Jointly Governed Organizations and Public Entity risk Pools

Concord Township does not participate in any joint ventures at the present time.

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

CONCORD TOWNSHIP
LAKE COUNTY

Notes to the Financial Statements
For the Year Ending December 31, 2007

Note 2—Summary of Significant Accounting Policies (Continued)

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 December 31, 2007. 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, or 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 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 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.

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 following are the Township's major governmental funds:

CONCORD TOWNSHIP
LAKE COUNTY

Notes to the Financial Statements
For the Year Ending December 31, 2007

Note 2—Summary of Significant Accounting Policies (Continued)

General Fund - This 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.

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

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

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

Capital Projects Fund - This fund is used for large capital projects, such as buildings, equipment, and other major projects.

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 a department in the Township.

The Agency Funds includes security deposits both from rental real estate of the Township and from rentals of the Community Center.

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 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.

CONCORD TOWNSHIP
LAKE COUNTY

Notes to the Financial Statements
For the Year Ending December 31, 2007

Note 2—Summary of Significant Accounting Policies (Continued)

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 statements 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.

During 2007, investments were limited to Freddie Mac, Fannie Mae, Federal Home Loan Bank, Fannie Mae Discount Notes, Federal Home Loan Mortgage Corporation, US Treasury N/B, US Treasury HH Bonds, and the Fifth Third Banksafe Trust. 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 2007 was \$302,378, which includes approximately \$201,629 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. The Township plans to resolve this advance in 2008.

In 2007, the General Fund advanced the Fire Emergency Fund \$115,000. The Township plans to resolve this advance in 2008.

CONCORD TOWNSHIP
LAKE COUNTY

Notes to the Financial Statements
For the Year Ending December 31, 2007

Note 2—Summary of Significant Accounting Policies (Continued)

I. Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's 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. 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. None are restricted by enabling legislation.

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—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 General and Special Revenue funds are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The four funds are: General, Road & Bridge, Fire Levy, and Road Levy Funds. 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). The encumbrances outstanding at year end (budgetary basis) are as follows:

	<u>2007</u>
General Fund	\$ 33,582
Road & Bridge Fund	79,457
Fire Levy Fund	16,893
Road Levy Fund	11,085

CONCORD TOWNSHIP
LAKE COUNTY

Notes to the Financial Statements
For the Year Ending December 31, 2007

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.

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.

CONCORD TOWNSHIP
LAKE COUNTY

Notes to the Financial Statements
For the Year Ending December 31, 2007

Note 4—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 the Township's zoning department.

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, \$1,639,512 of the Township's bank balance of \$1,739,512 was exposed to custodial credit risk because those deposits were uninsured and uncollateralized, except as described in the following paragraph. Although the securities were held by pledging institution's trust department and all statutory requirements for the investment of money had been followed, noncompliance with Federal requirements could potentially subject the Township to a successful claim by the FDIC.

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 be at least one hundred five percent of the deposits being secured.

Investments

As of December 31, 2007, the Township had the following investments:

	Carrying <u>Value</u>	Investment <u>%</u>	<u>Maturity</u>
Federal Home Loan Bank	\$300,916	7.8%	19 Months
Fannie Mae Discount Note	190,850	5.0%	7 Months
Federal Home Loan Mortgage Corp.	195,531	5.1%	3 Months
Freddie Mac	1,959,023	50.9%	18 Months
Fannie Mae	800,847	20.8%	24 Months
US Treasury N/B	399,132	10.3%	6 Months
HH Bonds	3,000	.1%	12 Months
Total Investments	<u>\$3,849,299</u>		

The weighted average maturity is 12.7 months.

Interest Rate Risk: Interest rate risk arises because the fair value of the investment changes as interest rates change. The Township's investment policy addresses interest rate risk by requiring that the Township's investments be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term goals, thereby avoiding the need to sell securities 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, 2007

Note 4—Deposits and Investments (Continued)

Credit Risk: Federal Home Loan Bank, Fannie Mae Discount Note, Federal Home Loan Mortgage Corp, Freddie Mac, Fannie Mae, US Treasury N/B and HH Bonds were rated AAA by Moody's Investment Services.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Federal Home Loan Bank, Fannie Mae Discount Note, Federal Home Loan Mortgage Corp, Freddie Mac, Fannie Mae, US Treasury N/B and HH Bonds are exposed to custodial credit risk as they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in the Township's name. The Township has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which states, "Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee."

Concentration of Risk: The Township places no limit on the amount that may be invested in any one issuer. See above for percentage of investments.

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 2007 represent the collection of 2006 taxes. Real property taxes received in 2007 were levied after October 1, 2006, on the assessed values as of January 1, 2006, 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 2007 represent the collection of 2006 taxes. Public utility real and tangible personal property taxes received in 2007 became a lien on December 31, 2006, were levied after October 1, 2006, 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 2007 (other than public utility property) represent the collection of 2006 taxes. Tangible personal property assessments are being phased out – the assessment percentage for all property including inventory for 2007 is 12.5 percent. This will be reduced to 6.25 percent for 2008, and zero for 2009. 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.

CONCORD TOWNSHIP
LAKE COUNTY

Notes to the Financial Statements
For the Year Ending December 31, 2007

Note 5—Property Taxes (Continued)

The full rate for all Township operations for the year ended December 31, 2007 was \$9.40 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2007 property tax receipts were based are as follows:

<u>Class</u>	<u>Description</u>	<u>Tax Valuation</u>
I	General RE--Residential/Agricultural	\$588,202,300
II	General RE--Other--Commercial/Industrial	48,041,750
III	Public Utility Tangible	9,509,220
IV	General Tangible Personal Property	<u>9,415,448</u>
	Total Tax Valuation	<u>\$655,168,718</u>

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township.

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 2007, 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

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.

CONCORD TOWNSHIP
LAKE COUNTY

Notes to the Financial Statements
For the Year Ending December 31, 2007

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 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, 2007, the members of all three plans participating in the traditional plan, were required to contribute 9.50 percent of their annual covered salaries. The Township's contribution rate for pension benefits for 2007 was 13.85 percent of covered payroll. 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, 2007, 2006 and 2005 were \$102,344, \$103,318, and \$98,617, respectively. The full amount has been contributed for 2007, 2006 and 2005. Contributions to the member-directed plan for 2007 were \$418 made by the Township and \$287 made by the plan members.

B. Ohio Police & Fire Pension Fund

The Township contributes to the Ohio Police and 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 and 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, 2007, 2006 and 2005 were \$157,498, \$124,791 and \$119,174, respectively. The full amount has been contributed for 2007, 2006 and 2005.

CONCORD TOWNSHIP
LAKE COUNTY

Notes to the Financial Statements
For the Year Ending December 31, 2007

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 qualified 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 2007 local government employer contribution rate was 13.85 percent of covered payroll; 5.00 percent of covered payroll was the portion that was used to fund health care for the first half of 2007 and 6.00 percent of covered payroll was the portion that was used to fund health care for the second half of 2007.

Benefits are advance-funded using the individual entry age actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2006, include a rate of return on investments of 6.50 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 6.30 percent based on additional annual pay increases. Health care costs were assumed to increase between .50 and 5.00 percent for the next eight years. In subsequent years, (nine and beyond) health care costs were assumed to increase at 4.00 percent (the projected wage inflation rate).

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, not to exceed a 12 percent corridor.

The number of active contributing participants in the traditional and combined plans was 374,979 as of December 31, 2007. The number of active contributing participants for both plans used in the December 31, 2006, actuarial valuation was 362,130. Actual employer contributions for 2007 which were used to fund postemployment benefits were \$67,412. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2006, were \$12.0 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$30.7 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. To improve the solvency of the Health Care Fund, OPERS created a separate investment pool for health care assets. Member and employer contribution rates increased as of January 1, 2006, and January 1, 2007, which will allow additional funds to be allocated to the health care plan.

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.

CONCORD TOWNSHIP
LAKE COUNTY

Notes to the Financial Statements
For the Year Ending December 31, 2007

Note 8—Postemployment Benefits

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 6.75 percent of covered payroll was applied to the postemployment health care program during 2007. 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 2007 that were used to fund postemployment benefits was \$61,554 for firefighters. The OP&F's total health care expense for the year ended December 31, 2006 (the latest information available) was \$120,373,722, which was net of member contributions of \$58,532,848. The number of OP&F participants eligible to receive health care benefits as of December 31, 2006, was 10,563 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, 2007. 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, 2007. Future lease payments will continue to be \$5,703 annually for the 5-year copier leases, ending 2/3/2008.

Note 10 – Interfund Transfers

During 2007 the following transfers were made:

Transfer from General Fund to Capital Projects	<u>\$675,000</u>
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Transfers represent the allocation of unrestricted receipts collected in the General Fund to finance a program accounted for in another fund in accordance with budgetary authorizations. This transfer was made to the Capital Project Fund for the Morley Hills II project.

CONCORD TOWNSHIP
LAKE COUNTY

Management's Discussion and Analysis
For the Year Ended December 31, 2006
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, 2006, 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 2006 are as follows:

Net assets of the Township activities increased \$1,013,064, or 22.85%, a significant change from 2005. Spending was less than revenue in several funds, in anticipation of a negative cash flow in 2007 for a larger-than-average road program, equipment needs and payment for the sewer project.

The Township's primary revenue is from real estate tax, representing 67% 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 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 with this report, the reader must keep in the mind the limitations resulting from the use of the cash basis of accounting.

CONCORD TOWNSHIP
LAKE COUNTY

Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited

Reporting the Township as a Whole

The statement of net assets and the statement of activities reflect how the Township did financially during 2006, within the limitations of 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 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 non-financial factors as well such as the Township's property tax base, the condition of the Township's capital assets and infrastructure, 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 reports government activity. Most of the Township's services are reported here, including administration, recreation, zoning, fire protection 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 the 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 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 non-major 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 Fund and Road Levy Fund. 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, 2006
Unaudited

The Township as a Whole

Table 1 provides a summary of the Township's net assets for 2006 compared to 2005 on a cash basis.

Table 1
Net Assets

Assets	Governmental Activities	
	2006	2005
Equity in Pooled Cash & Cash Equivalents	\$5,446,692	\$4,433,628
Total Assets	\$5,446,692	\$4,433,628
Net Assets		
Restricted for:		
Permanent Fund:		
Cemetery Perpetual Maintenance	\$19,212	\$15,026
Other Purpose	3,358,469	2,491,025
Unrestricted	2,069,011	1,927,577
Total Net Assets	\$5,446,692	\$4,433,628

Net assets increased \$1,013,064, or 22.85%, during 2006. Significant items include:

- Revenue from the commencement of Emergency Medical Services billing in the fall generated revenue of \$17,093.
- FEMA, the Federal Emergency Management Agency, and the State of Ohio, reimbursed Concord Township for \$57,008 in Debris Clearance and Emergency Response toward the flood of July 28 – August 1. Road repair from the flood will be done in 2007. FEMA and the State of Ohio (Ohio Public Works Commission) will reimburse the Township for all of this work.
- Disbursement costs for the General Fund represents 29% of the total expenditures. These expenditures represent salaries and benefits, utilities, insurance, trash removal, and computer expenses. The Township purchased the house on Northmeadow, adjacent to Fire Department Station #2, for \$163,910.
- Disbursement costs of the Road and Bridge and Road Levy Funds represent 13% and 13%, respectfully, of the total expenditures. Of that figure, a significant portion, 17%, represents the direct costs of road maintenance and repair: contracts for road improvements, road salt and road operating materials (e.g. concrete and stone).
- Disbursement costs of the Fire Levy Fund represent 40% of the total expenditures. These expenditures represent salaries and benefits, utilities, supplies and a truck which was purchased for \$47,326.
- Earnings on Investment, due to higher interest rates, increased \$133,861.
- Contributions from local businesses toward the traffic study along the Auburn-Crile Road corridor totaled \$45,000.

CONCORD TOWNSHIP
LAKE COUNTY

Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited

Table 2 reflects the changes in net assets in 2006.

Table 2
Changes in Net Assets

	Governmental Activities	
	2006	2005
Receipts:		
Program Cash Receipts		
Charges for Services and Sales	\$428,271	\$395,978
Operating Grants and Contributions	148,599	138,839
Total Program Receipts	<u>576,870</u>	<u>534,817</u>
General Receipts		
Property & Other Local Taxes	4,572,019	4,355,827
Grants not Restricted to Specific Programs	1,200,856	1,022,366
Earnings on Investments	212,332	78,471
Sale of Equipment	12,700	0
Special Assessments	54,060	41,981
Total General Receipts	<u>6,051,967</u>	<u>5,498,645</u>
 Total Receipts	 <u>\$6,628,837</u>	 <u>\$6,033,462</u>
Disbursements:		
General Government	1,127,379	931,163
Public Safety	2,280,352	2,450,868
Public Works	1,683,979	1,972,513
Health	16,568	17,301
Conservation-Recreation	220,265	265,973
Other	5,011	70,313
Capital Outlay	<u>282,219</u>	<u>92,683</u>
 Total Disbursements	 <u>5,615,773</u>	 <u>5,800,814</u>
 Increase (Decrease) in Net Assets	 1,013,064	 232,648
 Net Assets, January 1, 2006	 <u>4,433,628</u>	 <u>4,200,980</u>
Net Assets, December 31, 2006	<u>\$5,446,692</u>	<u>\$4,433,628</u>

Program receipts represent only 9% of total receipts and are primarily comprised of restricted intergovernmental receipts such as grants, zoning permits and fees, franchise fees and contributions.

General Government receipts represent 91% of the Township's total receipts, and of this amount, over 75% is from property and other local taxes.

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.

CONCORD TOWNSHIP
LAKE COUNTY

Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited

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. Conservation-Recreation 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 41% of all governmental disbursements. Public Works accounts for 30% of all governmental disbursements. General Government also represents a significant cost, 20% of all governmental disbursements. The next two columns of the statement entitled Program Cash 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 (Disbursement) Receipts 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 2006	Net Cost of Services 2006	Total Cost of Services 2005	Net Cost of Services 2005
General Government	\$1,127,379	(\$939,892)	\$931,163	(\$687,028)
Public Safety	2,280,352	(2,246,898)	2,450,868	(2,439,329)
Public Works	1,683,979	(1,464,595)	1,972,513	(1,780,887)
Health	16,568	(2,728)	17,301	10,325
Conservation-Recreation	220,265	(160,393)	265,973	(206,082)
Other	5,011	57,822	70,313	(70,313)
Capital Outlay	282,219	(282,219)	92,683	(92,683)
Total Expenses	\$5,615,773	(\$5,038,903)	\$5,800,814	(\$5,265,997)

The dependence upon property and other tax receipts is apparent as over 69% of governmental activities are supported through these receipts.

The Township's Funds

Total governmental funds had receipts of \$6,628,837 and disbursements of \$5,615,773. Upcoming projects, include the Sewer improvements and the Morley Hill II Summer Road projects, will require cash from various funds.

CONCORD TOWNSHIP
LAKE COUNTY

Management's Discussion and Analysis
For the Year Ended December 31, 2006
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.

During the fiscal year 2006, the Township amended its budget several times to reflect changing circumstances. The budget basis receipts increased from the original budgeted estimates by 15%. This increase was mainly from higher than expected homestead and rollbacks, and earning on investments. The difference between budgeted receipts and actual receipts was \$194,404.

Final disbursements were budgeted at \$2,623,968 while actual disbursements were \$1,696,807.

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 - Cash Basis
December 31, 2006

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash & Cash Equivalents:	<u>\$5,446,692</u>
Total Assets	<u><u>\$5,446,692</u></u>
Net Assets	
Restricted for:	
Cemetery Endowment	\$19,212
Other Purposes	3,358,469
Unrestricted	<u>2,069,011</u>
Total Net Assets	<u><u>\$5,446,692</u></u>

See accompanying notes to the basic financial statements.

**CONCORD TOWNSHIP
LAKE COUNTY**

Statement of Activities - Cash Basis
For the Year Ended December 31, 2006

	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	\$1,127,379	\$187,487	\$0
Public Safety	2,280,352	33,454	0
Public Works	1,683,979	70,785	148,599
Health	16,568	13,840	0
Conservation--Recreation	220,265	59,872	0
Other	5,011	62,833	0
Capital Outlay	282,219	0	0
	<u>5,615,773</u>	<u>428,271</u>	<u>148,599</u>
Total Governmental Activities			<u>(5,038,903)</u>
General Receipts			
Property Taxes			\$4,438,109
Other Taxes			133,910
Special Assessments			54,060
Grants and Entitlements Restricted to Special Programs			1,200,856
Sale of Equipment			12,700
Earnings on Investments			212,332
			<u>6,051,967</u>
Total General Receipts			
Changes in Net Assets			1,013,064
Net Assets at Beginning of Year			4,433,628
Net Assets at End of Year			<u>\$5,446,692</u>

See accompanying notes to the basic financial statements.

**CONCORD TOWNSHIP
LAKE COUNTY**

Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2006

	<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 Equivalentents	\$2,069,011	\$523,732	\$1,199,063	\$733,316	\$921,570	\$5,446,692
Total Assets	<u>\$2,069,011</u>	<u>\$523,732</u>	<u>\$1,199,063</u>	<u>\$733,316</u>	<u>\$921,570</u>	<u>\$5,446,692</u>
Fund Balances						
Reserved:						
Reserved for Encumbrances	\$59,748	\$5,454	\$143,932	\$999	\$191,323	\$401,456
Unreserved:						
General Fund	2,009,263	0	0	0	0	2,009,263
Special Revenue Funds	0	518,278	1,055,131	732,317	711,035	3,016,761
Cemetery Endowment	0	0	0	0	19,212	19,212
Total Fund Balances	<u>\$2,069,011</u>	<u>\$523,732</u>	<u>\$1,199,063</u>	<u>\$733,316</u>	<u>\$921,570</u>	<u>\$5,446,692</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, 2006

Total Governmental Fund Balances	<u>\$5,446,692</u>
Net Assets of Governmental Activities	<u><u>\$5,446,692</u></u>

See accompanying notes to the basic financial statements.

**CONCORD TOWNSHIP
LAKE COUNTY**

Statement of Cash Receipts, Disbursements and Changes in - Cash Basis
Fund Balances - Governmental Funds
For the Year Ended December 31, 2006

	General	Road and Bridge	Fire Levy	Road Levy	Other Governmental Funds	Total
Receipts						
Property and Other Local Taxes	\$710,368	\$811,377	\$2,176,083	\$740,281	\$133,910	\$4,572,019
Licenses, Permits and Fees	173,829	0	0	0	23,533	197,362
Fines and Forfeitures	358	0	0	0	0	358
Intergovernmental	525,668	99,269	272,193	90,569	275,965	1,263,664
Special Assessments	0	0	0	0	54,060	54,060
Earnings on Investments	203,663	0	0	0	8,669	212,332
Miscellaneous	264,608	0	16,361	18,043	17,330	316,342
Total Receipts	1,878,494	910,646	2,464,637	848,893	513,467	6,616,137
Disbursements						
Current:						
General Government	1,099,867	0	0	0	27,512	1,127,379
Public Safety	50	0	2,273,698	0	6,604	2,280,352
Public Works	34,658	745,505	0	729,441	174,375	1,683,979
Health	0	0	0	0	16,568	16,568
Conservation--Recreation	220,265	0	0	0	0	220,265
Other	0	0	0	0	5,011	5,011
Capital Outlay	282,219	0	0	0	0	282,219
Total Disbursements	1,637,059	745,505	2,273,698	729,441	230,070	5,615,773
Other Financing Sources (Uses)						
Sale of Equipment	0	0	12,700	0	0	12,700
Transfers In	0	0	0	0	100,000	100,000
Transfers (Out)	(100,000)	0	0	0	0	(100,000)
Total Other Financing Sources (Uses)	(100,000)	0	12,700	0	100,000	12,700
Excess of Receipts Over (Under) Disbursements	141,435	165,141	203,639	119,452	383,397	1,013,064
Net Changes in Fund Balances						
Fund Balances Beginning of Year	1,927,576	358,591	995,424	613,864	538,173	4,433,628
Fund Balances End of Year	<u>\$2,069,011</u>	<u>\$523,732</u>	<u>\$1,199,063</u>	<u>\$733,316</u>	<u>\$921,570</u>	<u>\$5,446,692</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, 2006

Net Change in Fund Balances - Total Government Funds	<u>\$1,013,064</u>
Change in Net Assets of Governmental Activities	<u><u>\$1,013,064</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, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$665,322	\$687,861	\$710,368	\$22,507
Licenses, Permits and Fees	208,000	210,000	173,829	(36,171)
Fines and Forfeitures	600	500	358	(142)
Intergovernmental	384,467	437,829	525,668	87,839
Earnings on Investments	62,500	110,000	203,663	93,663
Miscellaneous	113,000	237,900	264,608	26,708
Total Receipts	<u>1,433,889</u>	<u>1,684,090</u>	<u>1,878,494</u>	<u>194,404</u>
Disbursements				
Current:				
General Government	1,478,779	1,459,653	1,158,715	300,938
Public Safety	36,000	200	50	150
Public Works	2,329	49,828	34,668	15,160
Conservation--Recreation	247,619	287,619	221,155	66,464
Other	323,758	328,758	0	328,758
Capital Outlay	334,000	497,910	282,219	215,691
Total Disbursements	<u>2,422,485</u>	<u>2,623,968</u>	<u>1,696,807</u>	<u>927,161</u>
Excess of Receipts Over (Under) Disbursements	(988,596)	(939,878)	181,687	1,121,565
Other Financing Uses				
Transfers In (Out)	0	(100,000)	(100,000)	0
Other Financing Uses	(500,000)	(247,017)	0	247,017
Net Change in Fund Balance	(1,488,596)	(1,286,895)	81,687	1,368,582
Fund Balance Beginning of Year	1,033,252	1,033,252	1,033,252	0
Prior-Year Encumbrances Appropriated	894,324	894,324	894,324	0
Fund Balance End of Year	<u>\$438,980</u>	<u>\$640,681</u>	<u>\$2,009,263</u>	<u>\$1,368,582</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, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and Other Local Taxes	\$787,808	\$787,808	\$811,377	\$23,569
Intergovernmental	103,997	103,997	99,269	(4,728)
Total Receipts	<u>891,805</u>	<u>891,805</u>	<u>910,646</u>	<u>18,841</u>
Disbursements				
Current:				
Public Works	962,356	971,356	750,959	220,397
Other	85,545	131,545	0	131,545
Total Disbursements	<u>1,047,901</u>	<u>1,102,901</u>	<u>750,959</u>	<u>351,942</u>
Excess of Receipts Over (Under) Disbursements	(156,096)	(211,096)	159,687	370,783
Other Financing Uses	<u>(200,000)</u>	<u>(145,000)</u>	0	<u>145,000</u>
Net Change in Fund Balance	(356,096)	(356,096)	159,687	515,783
Fund Balance Beginning of Year	247,256	247,256	247,256	0
Prior-Year Encumbrances Appropriated	<u>111,335</u>	<u>111,335</u>	<u>111,335</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$2,495</u></u>	<u><u>\$2,495</u></u>	<u><u>\$518,278</u></u>	<u><u>\$515,783</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, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and Other Local Taxes	\$2,135,617	\$2,135,617	\$2,176,083	\$40,466
Intergovernmental	243,182	243,182	272,193	29,011
Miscellaneous	15,000	15,000	16,361	1,361
Total Receipts	<u>2,393,799</u>	<u>2,393,799</u>	<u>2,464,637</u>	<u>70,838</u>
Disbursements				
Current:				
Public Safety	2,591,853	2,598,853	2,275,660	323,193
Other	263,652	358,652	0	358,652
Miscellaneous	0	140,000	101,820	38,180
	<u>542,971</u>	<u>300,971</u>	<u>40,150</u>	<u>260,821</u>
Total Disbursements	<u>3,398,476</u>	<u>3,398,476</u>	<u>2,417,630</u>	<u>980,846</u>
Excess of Receipts Over (Under) Disbursements	(1,004,677)	(1,004,677)	47,007	1,051,684
Other Financing Sources(Uses)				
Sales of Fixed Assets	12,500	12,500	12,700	200
Total Other Financing Sources(Uses)	<u>12,500</u>	<u>12,500</u>	<u>12,700</u>	<u>200</u>
Net Change in Fund Balance	(992,177)	(992,177)	59,707	1,051,884
Fund Balance Beginning of Year	584,615	584,615	584,615	0
Prior-Year Encumbrances Appropriated	410,809	410,809	410,809	0
Fund Balance End of Year	<u><u>\$3,247</u></u>	<u><u>\$3,247</u></u>	<u><u>\$1,055,131</u></u>	<u><u>\$1,051,884</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, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and Other Local Taxes	\$718,668	\$718,668	\$740,281	\$21,613
Intergovernmental	94,675	94,675	90,569	(4,106)
Miscellaneous	1,500	15,000	18,043	3,043
Total Receipts	<u>814,843</u>	<u>828,343</u>	<u>848,893</u>	<u>20,550</u>
Disbursements				
Current:				
Public Works	1,333,105	1,303,105	730,440	572,665
Other	80,213	125,213	0	125,213
Total Disbursements	<u>1,413,318</u>	<u>1,428,318</u>	<u>730,440</u>	<u>697,878</u>
Excess of Receipts Over (Under) Disbursements	(598,475)	(599,975)	118,453	718,428
Net Change in Fund Balance				
Fund Balance Beginning of Year	342,646	342,646	342,646	0
Prior-Year Encumbrances Appropriated	<u>271,218</u>	<u>271,218</u>	<u>271,218</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$15,389</u></u>	<u><u>\$13,889</u></u>	<u><u>\$732,317</u></u>	<u><u>\$718,428</u></u>

See accompanying notes to the basic financial statements.

**CONCORD TOWNSHIP
LAKE COUNTY**

Statement of Fiduciary Net Assets - Cash Basis
December 31, 2006

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$5,135</u>
Total Assets	<u><u>\$5,135</u></u>
Net Assets	
Restricted for:	
Other Purposes	<u>\$5,135</u>
Total Net Assets	<u><u>\$5,135</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, 2006

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.

A. Primary Government

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.

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. Concord Township does not have any component units.

C. Joint Ventures, Jointly Governed Organizations and Public Entity risk Pools

Concord Township does not participate in any joint ventures at the present time.

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

CONCORD TOWNSHIP
LAKE COUNTY

Notes to the Financial Statements
For the Year Ending December 31, 2006

Note 2—Summary of Significant Accounting Policies (Continued)

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 December 31, 2006. 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, or 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 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 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.

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 following are the Township's major governmental funds:

CONCORD TOWNSHIP
LAKE COUNTY

Notes to the Financial Statements
For the Year Ending December 31, 2006

Note 2—Summary of Significant Accounting Policies (Continued)

General Fund - This 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.

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

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

Road Levy Fund - This 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.

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 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.

CONCORD TOWNSHIP
LAKE COUNTY

Notes to the Financial Statements
For the Year Ending December 31, 2006

Note 2—Summary of Significant Accounting Policies (Continued)

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 statements 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.

During 2006, investments were limited to Freddie Mac, Fannie Mae, Federal Home Loan Bank, Federal National Mortgage Association, Fannie Mae Discount Note, Freddie Mac Discount Note, US Treasury N/B, US Treasury HH Bonds, and 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 2006 was \$203,663, which includes \$130,432 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.

CONCORD TOWNSHIP
LAKE COUNTY

Notes to the Financial Statements
For the Year Ending December 31, 2006

Note 2—Summary of Significant Accounting Policies (Continued)

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. The Township plans to resolve this advance in 2008.

I. Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's 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. 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. None are restricted by enabling legislation.

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—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 cash basis are outstanding year-end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). The encumbrances outstanding at year end (budgetary basis) are as follows:

	<u>2006</u>
General Fund	\$59,748
Road & Bridge Fund	\$5,454
Fire Levy Fund	\$143,932
Road Levy Fund	\$999

CONCORD TOWNSHIP
LAKE COUNTY

Notes to the Financial Statements
For the Year Ending December 31, 2006

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.

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).

CONCORD TOWNSHIP
LAKE COUNTY

Notes to the Financial Statements
For the Year Ending December 31, 2006

Note 4—Deposits and Investments (Continued)

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 the Township's zoning department.

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, \$922,681 of the Township's bank balance of \$1,092,681 was exposed to custodial credit risk because those deposits were uninsured and uncollateralized, except as described in the following paragraph. Although the securities were held by pledging institution's trust department and all statutory requirements for the investment of money had been followed, noncompliance with Federal requirements could potentially subject the Township to a successful claim by the FDIC.

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 be at least one hundred five percent of the deposits being secured.

Investments

As of December 31, 2006, the Township had the following investments:

	Carrying <u>Value</u>	Investment <u>%</u>	<u>Maturity</u>
Federal Home Loan Bank	349,548	7.9%	31 Months
Freddie Mac Discount Note	94,971	2.1%	8 Months
Fannie Mae Discount Note	676,970	15.3%	5 Months
Federal National Mortgage Assn.	97,446	2.2%	6 Months
Freddie Mac	1,856,584	41.9%	27 Months
Fannie Mae	951,256	21.5%	26 Months
US Treasury N/B	399,132	9.0%	18 Months
HH Bonds	3,000	.1%	12 Months
Total Investments	<u>\$4,428,907</u>		

CONCORD TOWNSHIP
LAKE COUNTY

Notes to the Financial Statements
For the Year Ending December 31, 2006

Note 4—Deposits and Investments (Continued)

The weighted average maturity is 16.6 months.

Interest Rate Risk: Interest rate risk arises because the fair value of the investment changes as interest rates change. The Township's investment policy addresses interest rate risk by requiring that the Township's investments be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term goals, thereby avoiding the need to sell securities prior to maturity, and by investing operating funds primarily in short-term investments.

Credit Risk: Federal Home Loan Bank, Freddie Mac Discount Note, Fannie Mae Discount Note, Federal National Mortgage Assn., Freddie Mac, Fannie Mae, US Treasury N/B, and HH Bonds were rated AAA by Moody's Investment Services.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Federal Home Loan Bank, Freddie Mac Discount Note, Fannie Mae Discount Note, Federal National Mortgage Assn., Freddie Mac, Fannie Mae, US Treasury N/B, and HH Bonds are exposed to custodial credit risk as they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in the Township's name. The Township has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which states, "Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee."

Concentration of Risk: The Township places no limit on the amount that may be invested in any one issuer. See above for percentage of investments.

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 2006 represent the collection of 2005 taxes. Real property taxes received in 2006 were levied after October 1, 2005, on the assessed values as of January 1, 2005, 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 2006 represent the collection of 2005 taxes. Public utility real and tangible personal property taxes received in 2007 became a lien on December 31, 2005, were levied after October 1, 2005, 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 2006 (other than public utility property) represent the collection of 2005 taxes. Tangible personal property assessments are being phased out – the assessment percentage for all property including inventory for 2006 is 18.75 percent. This will be reduced to 12.5 percent for 2007, 6.25 percent for 2008, and zero for 2009. 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.

CONCORD TOWNSHIP
LAKE COUNTY

Notes to the Financial Statements
For the Year Ending December 31, 2006

Note 5—Property Taxes (Continued)

The full rate for all Township operations for the year ended December 31, 2006 was \$9.40 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2006 property tax receipts were based are as follows:

<u>Class</u>	<u>Description</u>	<u>Tax Valuation</u>
I	General RE--Residential/Agricultural	\$499,940,080
II	General RE—Other-Commercial/Industrial	44,723,790
III	Public Utility Tangible	9,510,160
IV	General Tangible Personal Property	12,373,839
	Total Tax Valuation	<u>\$566,547,869</u>

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township.

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 2006, 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.

CONCORD TOWNSHIP
LAKE COUNTY

Notes to the Financial Statements
For the Year Ending December 31, 2006

Note 7—Defined Benefit Pension Plan (Continued)

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, 2006, the members of all three plans participating in the traditional plan, were required to contribute 9.0 percent of their annual covered salaries. The Township's contribution rate for pension benefits for 2006 was 13.70 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, 2006, 2005 and 2004 were \$103,318, \$98,617, and \$113,996, respectively. The full amount has been contributed for 2006, 2005 and 2004. Contributions to the member-directed plan for 2006 were \$429 made by the Township and \$282 made by the plan members.

B. Ohio Police & Fire Pension Fund

The Township contributes to the Ohio Police and 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 and 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, 2006, 2005 and 2004 were \$124,791, \$119,174 and \$111,671, respectively. The full amount has been contributed for 2006, 2005 and 2004.

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 qualified 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 2006 local government employer contribution rate was 13.70 percent of covered payroll; 4.50 percent of covered payroll was the portion that was used to fund health care.

CONCORD TOWNSHIP
LAKE COUNTY

Notes to the Financial Statements
For the Year Ending December 31, 2006

Note 8—Postemployment Benefits

Benefits are advance-funded using the individual entry age actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2005, include a rate of return on investments of 6.50 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 6.30 percent based on additional annual pay increases. Health care costs were assumed to increase between .50 and 5.00 percent for the next eight years. In subsequent years, (nine and beyond) health care costs were assumed to increase at 4.00 percent (the projected wage inflation rate).

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, not to exceed a 12 percent corridor.

The number of active contributing participants in the traditional and combined plans was 369,214 as of December 31, 2006. The number of active contributing participants for both plans used in the December 31, 2006, actuarial valuation was 362,130. Actual employer contributions for 2006 which were used to fund postemployment benefits were \$50,536. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2006, were \$12.0 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$30.7 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. To improve the solvency of the Health Care Fund, OPERS created a separate investment pool for health care assets. Member and employer contribution rates increase as of January 1, 2006, and January 1, 2007, which will allow additional funds to be allocated to the health care plan.

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 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 2006 and 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 2006 that were used to fund postemployment benefits for the years ended December 31, 2006, 2005 and 2004 were \$59,539, \$56,837, and \$53,258, respectively, for firefighters. The OP&F's total health care expense for the year ended December 31, 2006 was \$120,373,722, which was net of member contributions of \$58,532,848. The number of OP&F participants eligible to receive health care benefits as of December 31, 2006, was 10,563 for firefighters.

CONCORD TOWNSHIP
LAKE COUNTY

Notes to the Financial Statements
For the Year Ending December 31, 2006

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, 2006. 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, 2006. Future lease payments will continue to be \$5,703 annually for the 5-year copier leases, ending 2/3/2008.

Note 10 – Interfund Transfers

During 2007 the following transfers were made:

Transfer from General Fund to Emergency Fund	<u>\$100,000</u>
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Transfers represent the allocation of unrestricted receipts collected in the General Fund to finance a program accounted for in another fund in accordance with budgetary authorizations.



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
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, 2007 and December 31, 2006, which collectively comprise the Township's basic financial statements and have issued our report thereon dated October 29, 2008, wherein, we noted the Township uses a comprehensive accounting basis other than generally accepted accounting principles. 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. 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 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 as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Township's internal control will not prevent or detect a more than inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Township's internal control will not prevent or detect a material financial statement misstatement.

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Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We noted a certain matter that we reported to the Township's management in a separate letter dated October 29, 2008.

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*.

We did note a certain noncompliance or other matter that we reported to the Township's management in a separate letter dated October 29, 2008.

We intend this report solely for the information and use of the audit committee, management, and the Board of Trustees. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

October 29, 2008



Mary Taylor, CPA
Auditor of State

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
DECEMBER 9, 2008**