



**Auditor of State
Betty Montgomery**

SILVERCREEK TOWNSHIP
GREENE COUNTY

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Silvercreek Township
Greene County
3 North Sycamore Street
Jamestown, Ohio 45335

To the Board of Trustees:

We have audited the accompanying financial statements of Silvercreek Township (the Township) as of and for the years ended December 31, 2002 and 2001. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Ambulance billings reported in the Special Revenue Fund Type as Charges for Services were processed by a service organization that is independent of the Township. The service organization did not provide us with sufficient documentation supporting the Township's ambulance billing and collecting transactions. Without this evidential matter, we were unable to satisfy ourselves as to the Charges for Services in the Ambulance and Emergency Medical Services Fund. Those transactions represent 10% of the Special Revenue Fund Type Receipts for the year ending December 31, 2002.

As discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, except for the effects of such adjustments, if any as might have been determined to be necessary had we been able to examine the evidence regarding ambulance billings, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Township as of December 31, 2002 and 2001, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 25, 2003 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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Silvercreek Township
Greene County
Independent Accountants' Report
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This report is intended solely for the information and use of the management, the Board and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

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

Betty Montgomery
Auditor of State

July 25, 2003

**SILVERCREEK TOWNSHIP
GREENE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$43,693	\$134,795		\$178,488
Intergovernmental	83,450	105,838	19,259	208,547
Charges for Services		54,509		54,509
Licenses, Permits, and Fees	1,650	20,675		22,325
Earnings on Investments	3,274	1,673		4,947
Other Revenue	13,480	24,744		38,224
	<u>145,547</u>	<u>342,234</u>	<u>19,259</u>	<u>507,040</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	98,070			98,070
Public Safety		114,850		114,850
Public Works		113,595		113,595
Health	3,054	25,199		28,253
Capital Outlay	14,710	108,354	19,259	142,323
	<u>115,834</u>	<u>361,998</u>	<u>19,259</u>	<u>497,091</u>
Total Cash Disbursements				
Total Receipts Over/(Under) Disbursements	29,713	(19,764)		9,949
Fund Cash Balances, January 1	143,116	382,001		525,117
Fund Cash Balances, December 31	<u>\$172,829</u>	<u>\$362,237</u>	<u>\$0</u>	<u>\$535,066</u>

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

SILVERCREEK TOWNSHIP
GREENE COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE - NON-EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Fiduciary Fund</u>
	<u>Nonexpendable Trust</u>
Operating Cash Receipts:	
Earnings on Investments	\$340
Operating Cash Disbursements	<u>0</u>
Operating Income	340
Fund Cash Balance, January 1	<u>10,128</u>
Fund Cash Balance, December 31	<u><u>\$10,468</u></u>

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

**SILVERCREEK TOWNSHIP
GREENE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$43,723	\$135,781		\$179,504
Intergovernmental	89,769	108,416	319,778	517,963
Charges for Services		22,997		22,997
Licenses, Permits, and Fees	1,650	14,075		15,725
Earnings on Investments	6,458	3,613		10,071
Other Revenue	5,967	23,114		29,081
	<u>147,567</u>	<u>307,996</u>	<u>319,778</u>	<u>775,341</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	94,561			94,561
Public Safety		96,304		96,304
Public Works		119,307		119,307
Health	10,773	20,191		30,964
Capital Outlay	5,119	42,394	319,778	367,291
	<u>110,453</u>	<u>278,196</u>	<u>319,778</u>	<u>708,427</u>
Total Cash Disbursements				
Total Receipts Over Disbursements	37,114	29,800		66,914
Fund Cash Balances, January 1	106,002	352,201		458,203
Fund Cash Balances, December 31	<u>\$143,116</u>	<u>\$382,001</u>	<u>\$0</u>	<u>\$525,117</u>

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

**SILVERCREEK TOWNSHIP
GREENE COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE - NON-EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2001**

	Fiduciary Fund
	Nonexpendable Trust
Operating Cash Receipts:	
Earnings on Investments	\$346
Operating Cash Disbursements	0
Operating Income	346
Fund Cash Balance, January 1	9,782
Fund Cash Balance, December 31	\$10,128

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

**SILVERCREEK TOWNSHIP
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Silvercreek Township, Greene County, (the Township), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

Certificates of deposit are valued at cost.

D. Fund Accounting

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

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

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

Fire District Fund- This fund receives property tax money for providing fire services.

**SILVERCREEK TOWNSHIP
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Capital Project Funds

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Township had the following capital project fund:

Issue II Fund - The Township received a grant from the State of Ohio to complete the Shawnee Hills Stormwater Project.

4. Fiduciary Fund

This fund is used to account for resources restricted by legally binding trust agreements. The Township had the following fiduciary fund:

Cemetery Bequest Fund – A non-expendable trust fund. Amounts donated are maintained in perpetuity. Investment earnings are used for grave upkeep as specified by the donor.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are cancelled and need to be reappropriated.

A summary of 2002 and 2001 budgetary activity appears in Note 3.

**SILVERCREEK TOWNSHIP
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Property, Plant and Equipment

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

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's basis of accounting.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2002	2001
Demand deposits	\$437,243	\$428,794
Certificates of deposit	108,291	106,451
Total deposits	\$545,534	\$535,245

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, (2) collateralized by the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2002 and 2001 follows:

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$107,655	\$145,547	\$37,892
Special Revenue	291,701	342,234	50,533
Capital Projects	19,865	19,259	(606)
Fiduciary	300	340	40
Total	\$419,521	\$507,380	\$87,859

**SILVERCREEK TOWNSHIP
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$249,672	\$115,834	\$133,838
Special Revenue	674,802	361,998	312,804
Capital Projects	19,865	19,259	606
Fiduciary	10,428	0	10,428
Total	<u>\$954,767</u>	<u>\$497,091</u>	<u>\$457,676</u>

2001 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$104,962	\$147,567	\$42,605
Special Revenue	278,798	307,996	29,198
Capital Projects	369,000	319,778	(49,222)
Fiduciary	360	346	(14)
Total	<u>\$753,120</u>	<u>\$775,687</u>	<u>\$22,567</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$210,965	\$110,453	\$100,512
Special Revenue	630,999	278,196	352,803
Capital Projects	369,000	319,778	49,222
Fiduciary	10,142	0	10,142
Total	<u>\$1,221,106</u>	<u>\$708,427</u>	<u>\$512,679</u>

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Township.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

**SILVERCREEK TOWNSHIP
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

5. RETIREMENT SYSTEMS

The Township's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2002 and 2001, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2002 and 2001. The Township has paid all contributions required through December 31, 2002.

6. RISK MANAGEMENT

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

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

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**Auditor of State
Betty Montgomery**

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

Silvercreek Township
Greene County
3 North Sycamore Street
Jamestown, Ohio 45335

To the Board of Trustees:

We have audited the accompanying financial statements of Silvercreek Township (the Township) as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated July 25, 2003, which was qualified due to lack of documentation regarding ambulance billings reported in the Special Revenue Fund Type as Charges for Services in 2002. Except for this matter, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. We also noted an immaterial instance of noncompliance that we have reported to management of the Township in a separate letter dated July 25, 2003.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control financial reporting that, in our judgment, could adversely affect the Township's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the accompanying schedule of findings as item 2002-001.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are considered to be material weaknesses. However, we consider the reportable condition described above as item 2002-001 to be a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the township in a separate letter dated July 25, 2003.

This report is intended solely for the information and use of management and the Board of trustees, and is not intended to be and should not be used by anyone other than these specified parties.

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

BETTY MONTGOMERY
Auditor of State

July 25, 2003

**SILVERCREEK TOWNSHIP
GREENE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2002 AND 2001**

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

REPORTABLE CONDITION

FINDING NUMBER 2002-001

Emergency Medical Services Billings and Service Organization

The Township delegated emergency medical services (EMS) billing and collection services to Medicount Management, Inc., a third-party administrator. The Township prepared individual EMS run forms which were submitted to the service organization for billing and collection. Medicount receives payments on behalf of the township and either mails checks or direct deposits payments, less fees, to the Township or its designated bank account, respectively. Although the Township does perform reconciliations and monitoring of the amounts received versus the amounts submitted to be billed and collected by Medicount, the Township did not establish procedures to determine whether the service organization had sufficient controls in place and operating effectively to reduce the risk that these services have not been completely and accurately processed in accordance with the Township's contract.

The Township should develop and implement procedures to monitor the activity of Medicount's processing of the Township's EMS accounts for reasonableness. This procedure should provide assurance over the completeness and accuracy of billing and should reduce the risk of errors or omissions by the service organization. This may be accomplished by an annual audit of the service provider processing. Statement on Auditing Standards (SAS) No. 70, as amended, prescribes standards for reporting on the processing (i.e. control design and operation) of transactions by service organizations. An unqualified Tier II "Report on Policies and Procedures Placed in Operation and Tests of Operating Effectiveness" in accordance with SAS No. 70, should provide the Township with an appropriate level of assurance that EMS billings are being processed in conformance with the contract.

The Township should consider specifying in their next contract with the third-party administrator that an annual Tier II SAS #70 audit report be performed and conducted in accordance with American Institute of Certified Public Accountants' (AICPA) standards by a firm registered and considered in "good standing" with the Accountancy Board of the respective state. The Township should be provided a copy of the SAS 70 report timely and should review the report's content. If the third-party administrator refuses to provide a Tier II SAS 70 report, the Township should only contract with a third-party administrator that will provide such a report.



**Auditor of State
Betty Montgomery**

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SILVERCREEK TOWNSHIP

GREENE 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
SEPTEMBER 9, 2003**