



**GREEN TOWNSHIP
CLARK COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004



**Auditor of State
Betty Montgomery**

**GREEN TOWNSHIP
CLARK COUNTY**

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**Auditor of State
Betty Montgomery**

Green Township
Clark County
5730 Springfield-Jamestown Road
Springfield, Ohio 45502

To the Board of Trustees:

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

A handwritten signature in cursive script that reads "Betty Montgomery".

Betty Montgomery
Auditor of State

November 10, 2006

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Green Township
Clark County
5730 Springfield-Jamestown Road
Springfield, Ohio 45502

To the Board of Trustees:

We have audited the accompanying financial statements of Green Township, Clark County, (the Township), as of and for the years ended December 31, 2005 and 2004. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Township has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Township to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2005 and 2004. Instead of the combined funds the accompanying financial statements present for 2005 and 2004, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2005 and 2004. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Township has elected not to reformat its statements. Since this Township does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2005 and 2004 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2005 and 2004, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Township, as of December 31, 2005 and 2004, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Township to include Management's Discussion and Analysis for the years ended December 31, 2005 and 2004. The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2006, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Betty Montgomery
Auditor of State

November 10, 2006

**GREEN TOWNSHIP
CLARK COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$11,129	\$269,811	\$280,940
Intergovernmental	45,733	219,549	265,282
Charges for Services		34,618	34,618
Licenses, Permits, and Fees		1,200	1,200
Earnings on Investments	20,291	1,631	21,922
Other Revenue	736	911	1,647
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	77,889	527,720	605,609
Cash Disbursements:			
Current:			
General Government	71,532	15,142	86,674
Public Safety		228,497	228,497
Public Works		101,459	101,459
Health	5,500	28,000	33,500
Conservation - Recreation	14,000		14,000
Debt Service:			
Redemption of Principal		20,000	20,000
Interest and Fiscal Charges		16,252	16,252
Capital Outlay		248,965	248,965
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	91,032	658,315	749,347
Total Receipts (Under) Disbursements	<hr/>	<hr/>	<hr/>
	(13,143)	(130,595)	(143,738)
Other Financing Receipts:			
Proceeds from Sale of Public Debt:			
Sale of Notes		204,896	204,896
Sale of Fixed Assets		20,500	20,500
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts		225,396	225,396
Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	(13,143)	94,801	81,658
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>
	108,481	591,829	700,310
Fund Cash Balances, December 31	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	\$95,338	\$686,630	\$781,968

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

**GREEN TOWNSHIP
CLARK COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE
NONEXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Nonexpendable Trust Fund</u>
Cash Receipts:	
Earnings on Investments	16
Cash Disbursements:	<u>0</u>
Total Receipts Over Disbursements	16
Fund Cash Balance, January 1	<u>3,251</u>
Fund Cash Balance, December 31	<u><u>\$3,267</u></u>

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

**GREEN TOWNSHIP
CLARK COUNTY**

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

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$11,216	\$270,930	\$282,146
Intergovernmental	40,246	144,947	185,193
Charges for Services		44,100	44,100
Licenses, Permits, and Fees		1,100	1,100
Earnings on Investments	6,895	1,604	8,499
Other Revenue	90	4,830	4,920
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	58,447	467,511	525,958
Cash Disbursements:			
Current:			
General Government	96,475		96,475
Public Safety		222,423	222,423
Public Works	9,892	124,177	134,069
Health	5,500	28,600	34,100
Conservation - Recreation	30,000		30,000
Capital Outlay		253,664	253,664
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	141,867	628,864	770,731
Total Receipts (Under) Disbursements	<hr/>	<hr/>	<hr/>
	(83,420)	(161,353)	(244,773)
Other Financing Receipts and (Disbursements):			
Proceeds from Sale of Public Debt:			
Sale of Notes		295,104	295,104
Other Financing Uses	(87)		(87)
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	(87)	295,104	295,017
Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(83,507)	133,751	50,244
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>
	191,988	458,078	650,066
Fund Cash Balances, December 31	<hr/>	<hr/>	<hr/>
	\$108,481	\$591,829	\$700,310
Reserve for Encumbrances, December 31	<hr/>	<hr/>	<hr/>
	\$0	\$266,335	\$266,335

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

**GREEN TOWNSHIP
CLARK COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE
NONEXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Nonexpendable Trust Fund</u>
Cash Receipts:	
Earnings on Investments	\$12
Cash Disbursements:	<u>0</u>
Total Receipts Over/(Under) Disbursements	12
Fund Cash Balance, January 1	<u>3,239</u>
Fund Cash Balance, December 31	<u><u>\$3,251</u></u>

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

**GREEN TOWNSHIP
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Green Township, Clark County, (the Township), as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Miami Township, Greene County and Mad River Township, Clark County to provide fire services and emergency medical services for certain residents. The Township and Mad River Township united in 2002 to provide fire fighting services to those areas of Green and Mad River Townships formerly served by Hustead Fire and EMS Departments (see note 8).

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

B. Basis of Accounting

These financial statements follow the basis of accounting the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Cash

The Township utilizes a checking account, a money market demand deposit account and a savings account.

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

2. Special Revenue Funds

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

Fire #2 District Fund - This fund receives revenue allocated from property taxes, which is utilized to maintain a Township Fire Department.

**GREEN TOWNSHIP
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

EMS Fund - This fund receives revenue allocated from property taxes as well as revenue from charges for Emergency Medical Service runs. The Township contracts with Health Serve as a third party service organization to bill for the EMS runs.

3. Fiduciary Fund (Non-Expendable Trust Fund)

These funds account for resources restricted by legally binding trust agreements and funds for which the Township is acting in an agency capacity. The Township had the following Fiduciary Fund:

Cemetery Bequest Fund – Amounts donated are maintained in perpetuity. Investment earnings are used for grave upkeep.

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 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 carried over, and need not be reappropriated.

A summary of 2005 and 2004 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

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

**GREEN TOWNSHIP
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

2. EQUITY IN POOLED CASH

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

	2005	2004
Demand deposits	\$785,235	\$703,561

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2005 and 2004 follows:

2005 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$40,735	\$77,889	\$37,154
Special Revenue	497,198	753,116	255,918
Fiduciary	0	16	16
Total	\$537,933	\$831,021	\$293,088

2005 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$150,000	\$91,032	\$58,968
Special Revenue	955,006	658,315	296,691
Fiduciary	0	0	0
Total	\$1,105,006	\$749,347	\$355,659

2004 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$39,806	\$58,447	\$18,641
Special Revenue	1,076,267	762,615	(313,652)
Fiduciary	10	12	2
Total	\$1,116,083	\$821,074	(\$295,009)

2004 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$240,000	\$141,954	\$98,046
Special Revenue	1,459,210	895,199	564,011
Fiduciary	0	0	0
Total	\$1,699,210	\$1,037,153	\$662,057

**GREEN TOWNSHIP
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

4. PROPERTY TAX

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

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

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

5. DEBT

Debt outstanding at December 31, 2005 was as follows:

	Principal	Interest Rate
Bond Anticipation Notes	\$480,000	3.85%

The Township issued bond anticipation notes to finance the construction of an emergency services building

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

Year ending December 31:	Bond Anticipation Note
2006	\$63,042
2007	37,586
2008	37,586
2009	37,586
2010	37,586
2011 – 2015	187,929
2016 – 2020	187,929
2021 – 2024	122,348
Total	\$711,592

6. RETIREMENT SYSTEMS

The Township's certified employees and elected officials belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2005 and 2004 OPERS members contributed 8.5 percent of their gross salaries. The Township contributed an amount equaling 13.55 percent of participants' gross salaries. The Township had an outstanding balance of \$2,362 for their December 31, 2005 employer liability, penalties, and interest.

**GREEN TOWNSHIP
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

7. RISK MANAGEMENT

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Public Official's Bonds

The Township also provides health insurance and dental and vision coverage to full-time employees through a private carrier as a subgroup through the County Commissioners.

8. JOINT ACTION

The Township and Mad River Township united during 2002 to provide fire fighting services to those areas of Green and Mad River Townships formerly served by Husted Fire and EMS Departments. The Board of Township Trustees of Green and Mad River Townships serve as the Joint Husted Service Area Board. The funding of the Husted Service area Fire Department and the Husted area EMS Department shall be apportioned equally between Green Township and Mad River Township.

9. CONTINGENT LIABILITY

On or about December 31, 2003, the Board of Green Township Trustees received a notice from the U.S. EPA, stating that the Township had been named as a Potentially Responsible Party in the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) remediation of the Tremont City Landfill site in Clark County, Ohio. The Township plans to vigorously contest any claim that the Township is a Responsible Party under CERCLA. The amount of any potential claim cannot be determined at this time.

10. NONCOMPLIANCE

The Township did not comply with requirements regarding posting of revenue to special funds, and appropriations in excess of estimated resources.

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Auditor of State Betty Montgomery

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

Green Township
Clark County
5730 Springfield-Jamestown Road
Springfield, Ohio 45502

To the Board of Trustees:

We have audited the financial statements of the Green Township, Clark County (the Township), as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated November 10, 2006, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also noted that the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Township's ability to record, process, summarize, and report financial data consistent with management's assertions in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 2005-001 through 2005-003.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered material weaknesses. We consider reportable condition 2005-001 listed above to be a material weakness. In a separate letter to the Township's management dated November 10, 2006, we reported other matters involving internal control over financial reporting which we did not deem reportable conditions.

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Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2005-004 and 2005-005. In a separate letter to the Township's management dated November 10, 2006, we reported other matters related to noncompliance we deemed immaterial.

We intend this report solely for the information and use of the audit committee, management, and Board of Trustees. It is not intended for anyone other than these specified parties.



Betty Montgomery
Auditor of State

November 10, 2006

**GREEN TOWNSHIP
CLARK COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2005 AND 2004**

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

FINDING NUMBER 2005-001

Material Weakness - Bank Reconciliations

Bank account reconciliations are a basic control to provide accuracy and completeness of the Township's recording of current receipts and expenditures. Failure to maintain complete accountability of public monies could increase the possibility of funds being altered, impaired, lost, or stolen.

The Township had unknown reconciling items of \$421 as of December 31, 2005, where the bank balance was less than the book balance; and \$1,173 as of December 31, 2004, where the bank balance was more than the book balance. Rather than determining the cause of these variances, the Township posted them as fund balance adjustments to the General Fund in order to balance the books with the bank.

The primary cause of these variances was determined to be posting \$1,853 in EMS charges for services twice during 2005 and not posting \$1,237 in charges for services revenue at all during 2004. \$10 in bank errors during 2004 and \$700 error in outstanding check listing during 2005 also attributed to the variances. The Township could not fully resolve the cause of these variance after investigation. The Township ended with \$736 more in the bank than on books for 2005 and \$50 less in the bank than on books for 2004. Audit adjustments were required to present the correct cash balance in the accompanying financial statements and the Township's records.

The Township should post all receipts when they are received and include all supporting documentation to improve the completeness and accuracy of the revenue cycle. Timely posting of receipts should improve the accuracy of the Township records and allow for an easier reconciliation between the receipt ledger and the cash balance. Steps should also be taken to verify that the outstanding checklist is accurate.

Additionally, the Township's investment balance was understated and deposit balance was overstated by \$22,900 each on December 31, 2005. The Township should post corrections to the system so the investment and deposit balance on books ties to the bank. This will eliminate the reconciling item in monthly reconciliation due to the variance.

Procedures should be implemented to verify that monthly bank reconciliations are performed in a timely and accurate manner and any reconciling items, other than deposits in transit and outstanding checks, are corrected within a reasonable period. Independent detailed reviews of the reconciliation should be performed and documented as a means of improving the accuracy of the actual financial records. Failure to do so could result in management using incorrect cash balances as a basis for decisions and allowing undetected bank errors. Also, adjustments to fund balances should be rare, and if required be reviewed by the Trustees, and if determined accurate be approved prior to posting.

FINDING NUMBER 2005-002

Reportable Condition - Receipts

The Township receipted money from various insurance companies and individuals for EMS runs during 2005 and 2004. During 2004, the Township posted \$34,437 of these charges for services receipts as license, fees and permits, thus resulting in a material misstatement on the Township's annual financial report. These receipts should be reported as charges for services in the Special Revenue Fund by the Township. Audit adjustments were required to present the correct revenue source in the accompanying financial statements.

**FINDING NUMBER 2005-002
(Continued)**

Procedures such as independent review of the receipt process and/or comparison of current year's data with prior years should be established and implemented to verify the completeness and accuracy of the financial records/ statements. Failure to implement such procedures could result in material inaccuracies on the Township's financial statements going unnoticed and management using incorrect figures for decision making.

FINDING NUMBER 2005-003

Reportable Condition - EMS Billings

The Township contracted with Health Serve for EMS billings. The EMS chief submitted reports to Health Serve for billing, and Health Serve used the information to bill the customers or their Insurance Companies. Money was received directly by the bank and the deposit information was forwarded to the Township. The Township posted receipts based on the deposit information from the bank. There were no controls at the Township to monitor the runs submitted for billing and corresponding receipts generated from the runs.

The Township should establish procedures to monitor the EMS billing process. Runs submitted for billing should be tracked and traced to the corresponding receipts from the insurance companies and/or customers. This information should be reconciled to the reports from Health Serve.

The Township should develop and implement procedures to monitor the activity of the service organization'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. Such an audit has not been performed on the provider for the period.

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 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 consider only contracting with a third-party administrator that will provide such a report.

Implementing such procedures will allow the Township to monitor write-offs by Health Serve to individual runs and help detect any fluctuations. Additionally, this will help verify that runs submitted by the Township for billing are accurately processed by Health Serve and allow the Township to monitor the efficiency and effectiveness of the billing process.

FINDING NUMBER 2005-004

Noncompliance

Ohio Rev. Code Section 5705.10 requires that all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose is to be paid into a special fund for such purpose. The Township recorded the receipt of gasoline tax from the County Auditor in the amount of \$2,698 to the Permissive Motor Vehicle License Tax fund instead of the Gasoline Tax Fund during 2004 which resulted in erroneous fund balances.

The Township should develop and implement procedures to record receipts in the proper fund(s) to provide for accurate financial information and reporting. This should include periodic review of postings by someone independent of the record keeping process

FINDING NUMBER 2005-005

Noncompliance

Ohio Rev. Code Section 5705.39 prohibits a political subdivision or taxing authority from making fund appropriations in excess of the estimated revenue available for expenditure as certified by amended certificates from the county budget commission. The following funds were determined to have appropriations in excess of the available resources as certified by the county budget commission during 2004:

	Amended Certificate of Estimated Resources on February 12, 2004 & October 22, 2004	Appropriation Resolution on March 16, 2004	Variance
General Fund (1000)	\$231,754	\$240,000	(\$8,246)
Health District (2192)	\$51,505	\$62,710	(\$11,205)

The following fund type was determined to have appropriations in excess of the available resources as certified by the county budget commission during 2005:

	Official Certificate of Estimated Resources on August 26, 2004 (for fiscal year 2005)	Appropriation Resolution on March 15, 2005	Variance
Special Revenue Fund Type	\$821,456	\$955,006	(\$133,550)

The Township should perform routine comparisons of all budgeted activity to prevent over-spending of available resources.

Client Response: The client did not submit a written response to these findings.

GREEN TOWNSHIP
CLARK COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2005 AND 2004

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2003-001	ORC Sec. 5705.10 - Improper posting of auto registration taxes.	No	Repeated as finding number 2005-004



**Auditor of State
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GREEN TOWNSHIP

CLARK 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 21, 2006**