



Dave Yost • Auditor of State





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## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Bowling Green Central Business Special Improvement District  
Wood County  
130 South Main Street  
Bowling Green, Ohio 43402

We have performed the procedures enumerated below, which were agreed to by the Board of Directors and the district officers, district members and directors and their designees or proxies, herein governing of the Bowling Green Central Business Special Improvement District, Wood County, Ohio (the District) on the receipts, disbursements and balances recorded in the District's cash basis accounting records for the years ended December 31, 2017 and 2016 and certain compliance requirements related to those transactions and balances, included in the information provided to us by the management of the District. The District is responsible for the receipts, disbursements and balances recorded in the cash basis accounting records for the years ended December 31, 2017 and 2016 and certain compliance requirements related to these transactions and balances included in the information provided to us by the District. The sufficiency of the procedures is solely the responsibility of the parties specified in this report.

Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

This report only describes exceptions exceeding \$10.

### Cash

1. We recalculated the December 31, 2017 and December 31, 2016 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2016 beginning fund balances recorded in the Balance Sheet Reports to the December 31, 2015 balances in the prior year documentation in the prior year Agreed-Upon Procedures working papers. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2017 and 2016 fund cash balances reported in the Balance Sheet Reports. The amounts agreed.
4. We confirmed the December 31, 2017 bank account balances with the District's financial institution. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2017 bank reconciliation without exception.
5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2017 bank reconciliation:
  - a. We traced each debit to the subsequent January bank statements. We found no exceptions.
  - b. We traced the amounts and dates to the Detail Transactions by Account Report, to determine the debits were dated prior to December 31. There were no exceptions.

At December 31, 2017, the District's bank reconciliations included outstanding checks dating back to 2002 which totaled \$2,057. This was due to there being no policies or procedures over long outstanding debits on the bank reconciliations.

The District should adopt a policy regarding long outstanding debits on the bank reconciliations including procedures for following up on such outstanding items and a time period after which these items should be removed from the reconciliations and a corresponding entry made to the accounting records. Additionally, the Board of Directors should review the monthly bank reconciliations for unusual reconciling items and question why they have not cleared the bank. Follow up by the Board of the Directors should be documented and be completed in a timely manner.

6. We selected five reconciling credits (such as deposits in transit) haphazardly from the December 31, 2017 bank reconciliation:
  - a. We traced each credit to the subsequent January bank statements. We found no exceptions.
  - b. We agreed the credit amounts to the Detail Transactions by Account Report. Each credit was recorded as a December receipt for the same amount recorded in the reconciliation.

At December 31, 2017, the District's bank reconciliations included outstanding deposits dating back to 2014 which totaled \$77. This was due to there being no policies or procedures over long outstanding credits on the bank reconciliations.

The District should adopt a policy regarding long outstanding credits on the bank reconciliations including procedures for following up on such outstanding items and a time period after which these items should be removed from the reconciliations and a corresponding entry made to the accounting records. Additionally, the Board of Directors should review the monthly bank reconciliations for unusual reconciling items and question why they have not cleared the bank. Follow up by the Board of the Directors should be documented and be completed in a timely manner.

7. We traced interbank account transfers occurring in December of 2017 and 2016 to the accounting records and bank statements. We found no exceptions.

**Confirmable Cash Receipts**

We confirmed the tax amounts paid from the City of Bowling Green to the District during 2017 and 2016, with the City. We found no exceptions.

- a. We inspected the Detail Transactions by Account Report to determine whether these receipts were allocated to the proper fund. We found no exceptions.
- b. We inspected the Detail Transactions by Account Report to determine whether the receipts were recorded in the proper year. We found no exceptions.

**Debt**

1. From the prior agreed-upon procedures documentation, we observed the following loan was outstanding as of December 31, 2015. This amount agreed to the District's January 1, 2016 balance on the summary we used in procedure 3.

Issue	Principal outstanding as of December 31, 2015:
2015 Community Foundation Loan	\$15,200

2. We inquired of management, and inspected the Detail Transaction by Account Report for evidence of debt issued during 2017 or 2016 or debt payment activity during 2017 or 2016. All debt agreed to the summary we used in procedure 3.
3. We obtained a summary of loan debt activity for 2017 and 2016 and agreed principal and interest payments from the related debt amortization schedule to payments reported in the Detail Transaction by Account Report. We also compared the date the debt service payments were due to the date the District made the payments. We found no exceptions.

**Payroll Cash Disbursements**

1. We haphazardly selected one payroll check for five employees from 2017 and one payroll check for five employees from 2016 from the Detail Transaction by Account Report and:
  - a. We compared the hours and pay rate, or salary recorded in the Detail Transaction by Account Report to supporting documentation (timecard, legislatively approved rate or salary). The District was unable to provide salary or hourly rates that had been previously approved by the Board of Directors for any of its employees. All District employees should be paid based on the Board approved pay scale and according to the hours listed on each employees' time sheet. Timesheets should be signed by employees and the appropriate supervisor to provide documentation and certification of their hours worked. Payroll data input should be reviewed for accuracy and completeness. The District should document approval of all salaries and rates in the minutes and perform periodic reviews of the standing data in the payroll system for accuracy.
  - b. We inspected the fund and account codes to which the check was posted to determine the posting was reasonable based on the employees' duties as documented in the employees' personnel files and/or minute record. We also confirmed the payment was posted to the proper year. We found no exceptions.
2. For any new employees selected in procedure 1 we inspected the employees' personnel files and/or minute record for the following information and compared it with the information used to compute gross and net pay related to this check:
  - a. Name
  - b. Authorized salary or pay rate
  - c. Department and fund to which the check should be charged
  - d. Retirement system participation and payroll withholding
  - e. Federal, State & Local income tax withholding authorization and withholding
  - f. Any other deduction authorizations (deferred compensation, etc.)

We found no exceptions related to procedures a. – f. above.

3. We inspected the last remittance of tax and retirement withholdings for the year ended December 31, 2017 to confirm whether remittances were timely paid, and if the amounts paid agreed to the amounts withheld, plus the employer's share where applicable, during the final withholding period of 2017. We observed the following:

<b>Withholding (plus employer share, where applicable)</b>	<b>Date Due</b>	<b>Date Paid</b>	<b>Amount Due</b>	<b>Amount Paid</b>
Federal income taxes & Medicare	January 31, 2018	January 12, 2018	\$535.34	\$535.34
State income taxes	January 31, 2018	January 18, 2018	261.78	261.78
City income tax	January 31, 2018	January 18, 2018	267.97	267.97
School District income taxes	January 31, 2018	January 16, 2018	71.36	71.36
Social Security	January 31, 2018	January 12, 2018	549.36	549.36

As noted above, the District withheld Social Security from its employees during 2017 and 2016. The District was unable to provide support that a determination was made as to whether the employees should be paying into the Ohio Public Employees Retirement System (OPERS). The District should contact OPERS to determine which retirement system the District should be remitting employees' contributions to.

### **Non-Payroll Cash Disbursements**

We haphazardly selected ten disbursements from the Detail Transactions by Account Report for the year ended December 31, 2017 and ten from the year ended December 31, 2016 and determined whether:

- a. The disbursements were for a proper public purpose. The District paid sales tax in the total amount of \$195 on five of the selected transactions. Ohio Rev. Code § 5739.02(B)1 states that sales tax does not apply to the state or any of its political subdivisions. The District should apply for a refund with the Department of Taxation as outlined in Ohio Rev. Code §5739.07(C).
- b. The check number, date, payee name and amount recorded on the returned, canceled check agreed to the check number, date, payee name and amount recorded in the Detail Transactions by Account Report and to the names and amounts on the supporting invoices. The District did not obtain copies of the front or back of the checks from Huntington Bank; however, the District was able to obtain the canceled checks for all but four of the tested transactions from the bank. According to the AICPA Professional Standard AU-C § 500, the District should make available to the auditors underlying and corroborating information to supply sufficient evidential matter which would permit the auditors to reach conclusions through valid reasoning. The District should request the original checks or images of both sides of the checks. The imaging must be large enough to read all the markings on both sides of the checks.
- c. The payment was posted to a fund consistent with the restricted purpose for which the fund's cash can be used. We found no exceptions.

### **Other Compliance**

Ohio Rev. Code Section 117.38 requires these districts to file their financial information in the HINKLE system within 60 days after the close of the fiscal year. This statute also permits the Auditor of State to extend the deadline for filing a financial report and establish terms and conditions for any such extension. Auditor of State established policies, in addition to filing extensions granted for extenuating circumstances, allow for refiling complete financial statements, as defined in AOS Bulletin 2015-007 in the Hinkle System for December 31, 2017 and 2016 fiscal year ends included in 2015-2016 or 2016-2017 agreed up on procedure engagements, subsequent to the District's deadline where the initial filing was filed on time but incomplete. Financial information was filed on October 3, 2018 on the Modified-Cash Basis for 2017 which was not within the required timeframe. Financial information was filed within the required timeframe on March 5, 2017 as GAAP for 2016; however, the filed financial statements were presented on the Modified-Cash Basis. The financial information filed in both years did not include the activity related to the District's BG Bucks, WCH, and Downtown Foundation accounts held at Huntington Bank

Failing to complete and file accurate financial reports could lead to the Board making misinformed decisions. In addition, filing late could result in penalties of \$25 per day up to a maximum of \$750.

The District should file complete regulatory basis financial statements and notes in the Hinkle system within 60 days of year end in accordance with Ohio Rev. Code Section 117.38.

This agreed-upon procedures engagement was conducted in accordance with the American Institute of Certified Public Accountants attestation standards and applicable attestation engagement standards included in the Comptroller General of the United States' *Government Auditing Standards*. We were not engaged to, and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the District's receipts, disbursements, balances and compliance with certain laws and regulations. Accordingly, we do not express an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is to provide assistance in the evaluation of the District's receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended December 31, 2017 and 2016, and certain compliance requirements related to these transactions and balances and is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

Columbus, Ohio

December 27, 2018

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# Dave Yost • Auditor of State

**BOWLING GREEN CENTRAL BUSINESS SPECIAL IMPROVEMENT DISTRICT  
WOOD 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  
JANUARY 10, 2019**