



OHIO AUDITOR OF STATE
KEITH FABER



**BOKESCREEK TOWNSHIP
LOGAN COUNTY
DECEMBER 31, 2018 AND 2017**

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**BOKESCREEK TOWNSHIP
LOGAN COUNTY
DECEMBER 31, 2018 AND 2017**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Bokescreek Township
Logan County
7210 County Road 117
Ridgeway, Ohio 43345

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying modified cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bokescreek Township, Logan County, Ohio (the Township), as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the modified cash accounting basis Note 2 describes. This responsibility includes determining that the modified cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Bokescreek Township, Logan County, Ohio, as of December 31, 2018 and 2017, and the respective changes in modified cash financial position and the respective budgetary comparisons for the General, Gasoline Tax, and Ambulance & Fire funds, thereof for the years then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

We draw attention to Note 2 of the financial statements, which describes the accounting basis. The financial statements are prepared on the modified cash basis of accounting, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

Emphasis of Matter

As discussed in Note 20 to the financial statements, during 2017, the Township has elected to change its financial presentation to a modified cash basis comparable to the requirements of *Governmental Accounting Standards*. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2019, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

December 17, 2019

Bokescreek Township
Logan County, Ohio
Statement of Net Position - Modified Cash Basis
December 31, 2018

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$804,821
Investments	63,848
<i>Total Assets</i>	<i>\$868,669</i>
 Net Position	
Restricted for:	
Other Purposes	760,960
Unrestricted	107,709
<i>Total Net Position</i>	<i>\$868,669</i>

See accompanying notes to the basic financial statements

Bokescreek Township
Logan County, Ohio
Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2018

	Program Cash Receipts			Net (Disbursements)
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Receipts and Change in Net Position
Governmental Activities				
Current:				
General Government	\$123,223		\$5,081	(\$118,142)
Public Safety	83,558	\$10,748	31,094	(41,716)
Public Works	97,128		92,180	(4,948)
Other		109		109
Capital Outlay	80,458			(40,511)
Total Governmental Activities	<u>\$384,367</u>	<u>\$10,857</u>	<u>\$128,355</u>	<u>(\$205,208)</u>
		General Receipts:		
			Property Taxes	149,560
			Grants and Entitlements not Restricted to Specific Programs	27,640
			Earnings on Investments	1,910
			Miscellaneous	2,210
			Total General Receipts	<u>181,320</u>
			<i>Change in Net Position</i>	(23,888)
			<i>Net Position Beginning of Year</i>	<u>892,557</u>
			<i>Net Position End of Year</i>	<u>\$868,669</u>

See accompanying notes to the basic financial statements

Bokescreek Township
Logan County, Ohio
Statement of Assets and Fund Balances - Modified Cash Basis
Governmental Funds
December 31, 2018

	General	Gasoline Tax Fund	Ambulance & Fire Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$43,861	\$188,945	\$543,927		\$28,088	\$804,821
Investments	63,848					63,848
<i>Total Assets</i>	<u>\$107,709</u>	<u>\$188,945</u>	<u>\$543,927</u>	<u>\$0</u>	<u>\$28,088</u>	<u>\$868,669</u>
Fund Balances						
Restricted		\$188,945	\$543,927		\$28,088	\$760,960
Assigned	107,709					107,709
<i>Total Fund Balances</i>	<u>\$107,709</u>	<u>\$188,945</u>	<u>\$543,927</u>	<u>\$0</u>	<u>\$28,088</u>	<u>\$868,669</u>

See accompanying notes to the basic financial statements

Bokescreek Township
 Logan County, Ohio
 Statement of Receipts, Disbursements and Changes Fund Balances - Modified Cash Basis
 Governmental Funds
 For the Year Ended December 31, 2018

	General	Gasoline Tax Fund	Ambulance & Fire Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Receipts						
Property and Other Local Taxes	\$25,296		\$124,264			\$149,560
Charges for Services			10,748			10,748
Intergovernmental	27,640	\$89,727	36,175	\$39,947	\$2,453	195,942
Earnings on Investments	1,910	96			13	2,019
Miscellaneous	1,451	759				2,210
<i>Total Receipts</i>	<u>56,297</u>	<u>90,582</u>	<u>171,187</u>	<u>39,947</u>	<u>2,466</u>	<u>360,479</u>
Disbursements						
Current:						
General Government	106,397		16,826			123,223
Public Safety			83,558			83,558
Public Works		97,128				97,128
Capital Outlay			40,511	39,947		80,458
<i>Total Disbursements</i>	<u>106,397</u>	<u>97,128</u>	<u>140,895</u>	<u>39,947</u>		<u>384,367</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(50,100)</u>	<u>(6,546)</u>	<u>30,292</u>		<u>2,466</u>	<u>(23,888)</u>
<i>Fund Balances Beginning of Year</i>	<u>157,809</u>	<u>195,491</u>	<u>513,635</u>		<u>25,622</u>	<u>892,557</u>
<i>Fund Balances End of Year</i>	<u>\$107,709</u>	<u>\$188,945</u>	<u>\$543,927</u>		<u>\$28,088</u>	<u>\$868,669</u>

See accompanying notes to the basic financial statements

Bokescreek Township
Logan County, Ohio
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$26,000	\$26,000	\$25,296	(\$704)
Intergovernmental	24,000	24,000	27,640	3,640
Earnings on Investments	2,000	2,000	1,910	(90)
Miscellaneous	2,500	2,500	1,451	(1,049)
<i>Total Receipts</i>	<u>54,500</u>	<u>54,500</u>	<u>56,297</u>	<u>1,797</u>
Disbursements				
Current:				
General Government	147,630	147,630	106,397	41,233
Public Safety	5,000	5,000		5,000
Health	25,000	25,000		25,000
Capital Outlay	30,000	30,000		30,000
<i>Total Disbursements</i>	<u>207,630</u>	<u>207,630</u>	<u>106,397</u>	<u>101,233</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(153,130)</u>	<u>(153,130)</u>	<u>(50,100)</u>	<u>103,030</u>
Other Financing (Uses)				
Transfers Out	(4,679)	(4,679)		4,679
<i>Total Other Financing (Uses)</i>	<u>(4,679)</u>	<u>(4,679)</u>		<u>4,679</u>
<i>Net Change in Fund Balance</i>	(157,809)	(157,809)	(50,100)	107,709
<i>Unencumbered Fund Balance Beginning of Year</i>	<u>157,809</u>	<u>157,809</u>	<u>157,809</u>	
<i>Unencumbered Fund Balance End of Year</i>			<u>\$107,709</u>	<u>\$107,709</u>

See accompanying notes to the basic financial statements

Bokescreek Township
Logan County, Ohio
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Gasoline Tax Fund
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$97,000	\$97,000	\$89,727	(\$7,273)
Earnings on Investments	250	250	96	(154)
Miscellaneous			759	759
<i>Total Receipts</i>	97,250	97,250	90,582	(6,668)
Disbursements				
Current:				
Public Works	217,741	217,741	97,128	120,613
Capital Outlay	75,000	75,000		75,000
<i>Total Disbursements</i>	292,741	292,741	97,128	195,613
<i>Excess of Receipts Over (Under) Disbursements</i>	(195,491)	(195,491)	(6,546)	188,945
<i>Unencumbered Fund Balance Beginning of Year</i>	195,491	195,491	195,491	
<i>Unencumbered Fund Balance End of Year</i>			\$188,945	\$188,945

See accompanying notes to the basic financial statements

Bokescreek Township
Logan County, Ohio
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Ambulance & Fire Fund
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$134,000	\$134,000	\$124,264	(\$9,736)
Charges for Services			10,748	10,748
Intergovernmental	41,500	41,500	36,175	(5,325)
<i>Total Receipts</i>	<u>175,500</u>	<u>175,500</u>	<u>171,187</u>	<u>(4,313)</u>
Disbursements				
Current:				
General Government	41,000	41,000	16,826	24,174
Public Safety	548,135	548,135	83,558	464,577
Capital Outlay	100,000	100,000	40,511	59,489
<i>Total Disbursements</i>	<u>689,135</u>	<u>689,135</u>	<u>140,895</u>	<u>548,240</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(513,635)</u>	<u>(513,635)</u>	<u>30,292</u>	<u>543,927</u>
<i>Unencumbered Fund Balance Beginning of Year</i>	<u>513,635</u>	<u>513,635</u>	<u>513,635</u>	
<i>Unencumbered Fund Balance End of Year</i>			<u>\$543,927</u>	<u>\$543,927</u>

See accompanying notes to the basic financial statements

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Bokescreek Township
Logan County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 1 – Reporting Entity

Bokescreek Township, Logan County, Ohio (the Township), is a body politic and corporate 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 also has an elected Township Fiscal Officer.

The reporting entity is comprised of the primary government.

Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The primary government of the Township provides the following services to its citizens: general government services, maintenance of Township roads and bridges, cemetery maintenance, fire protection, and emergency medical services.

Public Entity Risk Pool

The Township participates in a public entity risk pool, the Ohio Township Association Risk Management Authority (OTARMA). Note 6 to the financial statements provides additional information for this entity.

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 the Basis of Accounting section of this Note, these financial statements are presented on a modified cash basis of accounting. This modified 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 modified cash basis of accounting.

Basis of Presentation

The Township's basic financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements The statement of net position and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

Bokescreek Township
Logan County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(Continued)

The statement of net position presents the cash and investment balances of the governmental activities of the Township at year end. The statement of activities compares disbursements with program receipts for each of the Township's governmental and business-type activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that are required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a modified cash basis or draws from the Township's general receipts.

Fund Financial Statements During the year, the Township segregates transactions related to certain Township functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

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. The Township has one fund category, which is governmental.

Governmental Funds Governmental funds are those through which most governmental functions of the Township are financed. The following are the Township's major governmental funds:

General The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

Gasoline Tax Fund The gasoline tax fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

Ambulance & Fire Fund The ambulance and fire fund accounts for and reports tax levied funds to be used specifically for the operation of the fire department and EMS.

Capital Projects Fund The capital projects fund accounts for and reports financial resources restricted for capital improvement.

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

Bokescreek Township
Logan County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(Continued)

Basis of Accounting

The Township's financial statements are prepared using the modified 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. Any such modifications made by the Township are described in the appropriate section in this note.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

Budgetary Process

All 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.

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 prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

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 with an original maturity of three months or less at the time of purchase and investments of the cash management pool are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Bokescreek Township
Logan County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(Continued)

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 (contra revenue), respectively.

During 2018, the Township invested in nonnegotiable certificates of deposit. The nonnegotiable certificates of deposit are reported at cost.

Interest earnings are allocated to Township funds according to State statutes and grant requirements. Interest receipts credited to the General fund during 2018 were \$1,451 which includes \$1,196 assigned from other Township funds.

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.

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.

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 other postemployment benefits (OPEB).

Net Position

Net position is 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 position restricted for other purposes include resources restricted for Township roads, fire, and ambulance services.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Township is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

Restricted Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Bokescreek Township
Logan County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(Continued)

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of Township Trustees. Those committed amounts cannot be used for any other purpose unless the Township Trustees remove or change the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by Township Trustees, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the Township for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute. State Statute authorizes the Township Clerk to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

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 – Budget Basis presented for the General fund, Gasoline Tax fund, and Ambulance & Fire fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget.

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.

Bokescreek Township
Logan County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(Continued)

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.

Protection of the Township's deposits is provided by the Federal Deposit Insurance Corporation (FDIC) or by eligible securities pledged by the financial institution as security for repayment.

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 obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in (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;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio, and, with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

Bokescreek Township
Logan County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(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. Except as noted above, 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 clerk/treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Note 5 – Taxes

Property Taxes

Property taxes include amounts levied against all real and public utility property located in the Township. Property tax revenue received during 2018 for real and public utility property taxes represents collections of 2017 taxes.

2018 real property taxes are levied after October 1, 2018, on the assessed value as of January 1, 2018, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2018 real property taxes are collected in and intended to finance 2019.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

The full tax rate for all Township operations for the year ended December 31, 2018, was \$6.20 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2018 property tax receipts were based are as follows:

Real Property	\$115,474,118
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The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Township. The County Auditor periodically remits to the Township its portion of the taxes collected.

Note 6 – Risk Management

Risk Pool Membership

The Township is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of the (local entity's) policy.

Bokescreek Township
Logan County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(Continued)

The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

<u>2018</u>	
Cash and investments	\$33,097,416
Actuarial liabilities	\$ 7,874,610

Note 7 – Defined Benefit Pension Plan

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description – Township employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Participating employers are divided into state, local, law enforcement and public safety divisions. All Township employees participating in OPERS are subject to the traditional plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the traditional and combined plans. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members in the traditional and combined plans were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional and combined plans as per the reduced benefits adopted by SB 343 (see OPERS' CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

Bokescreek Township
Logan County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(Continued)

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a traditional plan benefit recipient has received benefits for 12 months, an annual cost-of-living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Funding Policy – The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

Bokescreek Township
Logan County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(Continued)

	State and Local
2018 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
 2018 Actual Contribution Rates	
Employer:	
Pension	14.0 %
Post-employment Health Care Benefits	0.0
Total Employer	14.0 %
Employee	10.0 %

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Township’s contractually required contribution was \$7,184 for year 2018.

Social Security

Several of the Township’s employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participant.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants’ gross salaries. The Township has paid all contributions required through December 31, 2018.

Note 8 – Postemployment Benefits

Ohio Public Employees Retirement System

Plan Description – The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan. All Township employees participating in OPERS are subject to the Traditional Plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of the traditional pension plan.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension plan must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS’ CAFR referenced below for additional information.

Bokescreek Township
Logan County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(Continued)

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy – The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. A portion of each employer’s contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2018, state and local employers contributed at a rate of 14.0 percent of earnable salary. This is the maximum employer contribution rate permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2018, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Township’s contractually required contribution was \$0 for the year 2018.

Note 19 – Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Township is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General	Gasoline Tax Fund	Ambulance & Fire Fund	Other Governmental Funds	Total Governmental Funds
Restricted for					
Road and Bridge Maintenance & Improvements		\$188,945		\$25,633	\$214,578
Emergency Medical Services			\$271,963		271,963
Fire Operations			271,964		271,964
Cemetery				2,455	2,455
<i>Total Restricted</i>		<u>188,945</u>	<u>543,927</u>	<u>28,088</u>	<u>760,960</u>
Assigned to					
Subsequent year appropriations	107,709				107,709
<i>Total Fund Balances</i>	<u>\$107,709</u>	<u>\$188,945</u>	<u>\$543,927</u>	<u>\$28,088</u>	<u>\$868,669</u>

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Bokescreek Township
Logan County, Ohio
Statement of Net Position - Modified Cash Basis
December 31, 2017

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$829,256
Investments	63,301
<i>Total Assets</i>	<i>\$892,557</i>
 Net Position	
Restricted for:	
Other Purposes	734,748
Unrestricted	157,809
<i>Total Net Position</i>	<i>\$892,557</i>

See accompanying notes to the basic financial statements

Bokescreek Township
Logan County, Ohio
Statement of Assets and Fund Balances - Modified Cash Basis
Governmental Funds
December 31, 2017

	General	Gasoline Tax Fund	Ambulance & Fire Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$94,508	\$195,491	\$513,635	\$25,622	\$829,256
Investments	63,301				63,301
<i>Total Assets</i>	<u>\$157,809</u>	<u>\$195,491</u>	<u>\$513,635</u>	<u>\$25,622</u>	<u>\$892,557</u>
Fund Balances					
Restricted		\$195,491	\$513,635	\$25,622	\$734,748
Assigned	157,809				157,809
<i>Total Fund Balances</i>	<u>\$157,809</u>	<u>\$195,491</u>	<u>\$513,635</u>	<u>\$25,622</u>	<u>\$892,557</u>

See accompanying notes to the basic financial statements

Bokescreek Township
Logan County, Ohio
Statement of Receipts, Disbursements and Changes Fund Balances - Modified Cash Basis
Governmental Funds
For the Year Ended December 31, 2017

	General	Gasoline Tax Fund	Ambulance & Fire Fund	Other Governmental Funds	Total Governmental Funds
Receipts					
Property and Other Local Taxes	\$25,701		\$126,619		\$152,320
Charges for Services			17,071		17,071
Licenses, Permits and Fees				\$1,200	1,200
Intergovernmental	26,711	\$96,473	72,914	2,403	198,501
Earnings on Investments	1,561	93		12	1,666
Miscellaneous	1,894	6,474		0	8,368
<i>Total Receipts</i>	<u>55,867</u>	<u>103,040</u>	<u>216,604</u>	<u>3,615</u>	<u>379,126</u>
Disbursements					
Current:					
General Government	106,292		21,271	3,034	130,597
Public Safety			59,448		59,448
Public Works		88,396			88,396
Health	1,950				1,950
Capital Outlay		31,125	52,662		83,787
<i>Total Disbursements</i>	<u>108,242</u>	<u>119,521</u>	<u>133,381</u>	<u>3,034</u>	<u>364,178</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(52,375)</u>	<u>(16,481)</u>	<u>83,223</u>	<u>581</u>	<u>14,948</u>
<i>Fund Balances Beginning of Year</i>	<u>210,184</u>	<u>211,972</u>	<u>430,412</u>	<u>25,041</u>	<u>877,609</u>
<i>Fund Balances End of Year</i>	<u>\$157,809</u>	<u>\$195,491</u>	<u>\$513,635</u>	<u>\$25,622</u>	<u>\$892,557</u>

See accompanying notes to the basic financial statements

Bokescreek Township
Logan County, Ohio
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$27,500	\$27,500	\$25,701	(\$1,799)
Intergovernmental	24,000	24,000	26,711	2,711
Earnings on Investments	2,000	2,000	1,561	(439)
Miscellaneous	3,000	3,000	1,894	(1,106)
<i>Total Receipts</i>	56,500	56,500	55,867	(633)
Disbursements				
Current:				
General Government	162,130	162,130	106,292	55,838
Public Safety	5,000	5,000		5,000
Health	25,000	25,000	1,950	23,050
Capital Outlay	55,000	55,000		55,000
<i>Total Disbursements</i>	247,130	247,130	108,242	138,888
<i>Excess of Receipts Over (Under) Disbursements</i>	(190,630)	(190,630)	(52,375)	138,255
Other Financing (Uses)				
Transfers Out	(19,554)	(19,554)		19,554
<i>Total Other Financing (Uses)</i>	(19,554)	(19,554)		19,554
<i>Net Change in Fund Balance</i>	(210,184)	(210,184)	(52,375)	157,809
<i>Unencumbered Fund Balance Beginning of Year</i>	210,184	210,184	210,184	
<i>Unencumbered Fund Balance End of Year</i>			\$157,809	\$157,809

See accompanying notes to the basic financial statements

Bokescreek Township
Logan County, Ohio
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Gasoline Tax Fund
For the Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Intergovernmental	\$90,000	\$90,000	\$96,473	\$6,473
Earnings on Investments	300	300	93	(207)
Miscellaneous			6,474	6,474
<i>Total Receipts</i>	<u>90,300</u>	<u>90,300</u>	<u>103,040</u>	<u>12,740</u>
Disbursements				
Current:				
Public Works	227,272	227,272	88,396	138,876
Capital Outlay	75,000	75,000	31,125	43,875
<i>Total Disbursements</i>	<u>302,272</u>	<u>302,272</u>	<u>119,521</u>	<u>182,751</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(211,972)</u>	<u>(211,972)</u>	<u>(16,481)</u>	<u>195,491</u>
<i>Unencumbered Fund Balance Beginning of Year</i>	<u>211,972</u>	<u>211,972</u>	<u>211,972</u>	
<i>Unencumbered Fund Balance End of Year</i>			<u>\$195,491</u>	<u>\$195,491</u>

See accompanying notes to the basic financial statements

Bokescreek Township
Logan County, Ohio
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Ambulance & Fire Fund
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$145,500	\$145,500	\$126,619	(\$18,881)
Charges for Services			17,071	17,071
Intergovernmental	30,000	30,000	72,914	42,914
<i>Total Receipts</i>	<u>175,500</u>	<u>175,500</u>	<u>216,604</u>	<u>41,104</u>
Disbursements				
Current:				
General Government	40,500	40,500	21,271	19,229
Public Safety	465,412	465,412	59,448	405,964
Capital Outlay	100,000	100,000	52,662	47,338
<i>Total Disbursements</i>	<u>605,912</u>	<u>605,912</u>	<u>133,381</u>	<u>472,531</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(430,412)</u>	<u>(430,412)</u>	<u>83,223</u>	<u>513,635</u>
<i>Unencumbered Fund Balance Beginning of Year</i>	<u>430,412</u>	<u>430,412</u>	<u>430,412</u>	
<i>Unencumbered Fund Balance End of Year</i>			<u>\$513,635</u>	<u>\$513,635</u>

See accompanying notes to the basic financial statements

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Bokescreek Township
Logan County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

Note 1 – Reporting Entity

Bokescreek Township, Logan County, Ohio (the Township), is a body politic and corporate 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 also has an elected Township Fiscal Officer.

The reporting entity is comprised of the primary government.

Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The primary government of the Township provides the following services to its citizens: general government services, maintenance of Township roads and bridges, cemetery maintenance, fire protection, and emergency medical services.

Public Entity Risk Pool

The Township participates in a public entity risk pool, the Ohio Township Association Risk Management Authority (OTARMA). Note 6 to the financial statements provides additional information for this entity.

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 the Basis of Accounting section of this Note, these financial statements are presented on a modified cash basis of accounting. This modified 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 modified cash basis of accounting.

Basis of Presentation

The Township's basic financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements The statement of net position and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

Bokescreek Township
Logan County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Continued)

The statement of net position presents the cash and investment balances of the governmental activities of the Township at year end. The statement of activities compares disbursements with program receipts for each of the Township's governmental and business-type activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that are required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a modified cash basis or draws from the Township's general receipts.

Fund Financial Statements During the year, the Township segregates transactions related to certain Township functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

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. The Township has one fund category, which is governmental.

Governmental Funds Governmental funds are those through which most governmental functions of the Township are financed. The following are the Township's major governmental funds:

General The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

Gasoline Tax Fund The gasoline tax fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

Ambulance & Fire Fund The ambulance and fire fund accounts for and reports tax levied funds to be used specifically for the operation of the fire department and EMS.

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

Basis of Accounting

The Township's financial statements are prepared using the modified 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. Any such modifications made by the Township are described in the appropriate section in this note.

Bokescreek Township
Logan County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Continued)

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

Budgetary Process

All 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.

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 prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

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 with an original maturity of three months or less at the time of purchase and investments of the cash management pool are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

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 (contra revenue), respectively.

During 2017, the Township invested in nonnegotiable certificates of deposit. The nonnegotiable certificates of deposit are reported at cost.

Bokescreek Township
Logan County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Continued)

Interest earnings are allocated to Township funds according to State statutes and grant requirements. Interest receipts credited to the General fund during 2017 were \$1,561 which includes \$1,195 assigned from other Township funds.

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.

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.

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 other postemployment benefits (OPEB).

Net Position

Net position is 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 position restricted for other purposes include resources restricted for Township roads, fire, and ambulance services.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Township is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

Restricted Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of Township Trustees. Those committed amounts cannot be used for any other purpose unless the Township Trustees remove or change the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process.

Bokescreek Township
Logan County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Continued)

Constraints imposed on the use of committed amounts are imposed by Township Trustees, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the Township for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute. State Statute authorizes the Township Clerk to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

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 – Budget Basis presented for the General fund, Gasoline Tax fund, and Ambulance & Fire fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget.

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.

Bokescreek Township
Logan County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Continued)

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.

Protection of the Township's deposits is provided by the Federal Deposit Insurance Corporation (FDIC) or by eligible securities pledged by the financial institution as security for repayment.

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 obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in (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;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio, and, with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

Bokescreek Township
Logan County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(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. Except as noted above, 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 clerk/treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Note 5 – Taxes

Property Taxes

Property taxes include amounts levied against all real and public utility property located in the Township. Property tax revenue received during 2017 for real and public utility property taxes represents collections of 2016 taxes.

2017 real property taxes are levied after October 1, 2017, on the assessed value as of January 1, 2017, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2017 real property taxes are collected in and intended to finance 2018.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

The full tax rate for all Township operations for the year ended December 31, 2017, was \$6.20 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2017 property tax receipts were based are as follows:

Real Property	\$119,364,367
---------------	---------------

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Township. The County Auditor periodically remits to the Township its portion of the taxes collected.

Note 6 – Risk Management

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

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

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) (York or Management), functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Bokescreek Township
Logan County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Continued)

Casualty and Property Coverage

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2017, OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims.

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

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2017.

	2017
Assets	\$40,010,732
Liabilities	8,675,465
Net Position	\$31,335,267

At December 31, 2017 the liabilities above include approximately \$8.0 million of estimated incurred claims payable. The assets above also include approximately \$6.9 million of unpaid claims to be billed to approximately 1,016 member governments in the future, as of December 31, 2017. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2017, the Township's share of these unpaid claims collectible in future years is approximately \$8,000.

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

<u>2017 Contributions to OTARMA</u>
\$17,266

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

Bokescreek Township
Logan County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Continued)

Note 7 – Defined Benefit Pension Plan

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description – Township employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan.

The member-directed plan is a defined contribution plan and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Participating employers are divided into state, local, law enforcement and public safety divisions. All Township employees participating in OPERS are subject to the traditional plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the traditional and combined plans. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS’ fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members in the traditional and combined plans were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional and combined plans as per the reduced benefits adopted by SB 343 (see OPERS’ CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35

Final average Salary (FAS) represents the average of the three highest years of earnings over a member’s career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member’s career.

Bokescreek Township
Logan County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Continued)

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a traditional plan benefit recipient has received benefits for 12 months, an annual cost-of-living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Funding Policy – The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	State and Local
2017 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
 2017 Actual Contribution Rates	
Employer:	
Pension	13.0 %
Post-employment Health Care Benefits	1.0
Total Employer	14.0 %
 Employee	 10.0 %

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Township’s contractually required contribution was \$6,396 for year 2017.

Social Security

Several of the Township’s employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participant.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants’ gross salaries. The Township has paid all contributions required through December 31, 2017.

Bokescreek Township
Logan County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Continued)

Note 8 – Postemployment Benefits

Ohio Public Employees Retirement System

Plan Description – The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan. All Township employees participating in OPERS are subject to the Traditional Plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of the traditional pension plan.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension plan must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' CAFR referenced below for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy – The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2017, state and local employers contributed at a rate of 14.0 percent of earnable salary. This is the maximum employer contribution rate permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan was 1.0 percent during calendar year 2017. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Township's contractually required contribution was \$492 for the year 2017.

Bokescreek Township
Logan County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Continued)

Note 19 – Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Township is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General	Gasoline Tax Fund	Ambulance & Fire Fund	Other Governmental Funds	Total Governmental Funds
Restricted for					
Road and Bridge Maintenance & Improvements		\$195,491		\$23,167	\$218,658
Emergency Medical Services			\$256,818		256,818
Fire Operations			256,817		256,817
Cemetery				2,455	2,455
<i>Total Restricted</i>		195,491	513,635	25,622	734,748
Assigned to					
Subsequent year appropriations	157,809				157,809
<i>Total Fund Balances</i>	\$157,809	\$195,491	\$513,635	\$25,622	\$892,557

Note 20 – Change in Basis of Accounting

The Township previously reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor’s Office. This year the Township has implemented the *modified* cash basis of accounting described in Note 2. The fund financial statements now present each major fund in a separate column with nonmajor funds aggregated and presented in a single column, rather than a column for each fund type.

OHIO AUDITOR OF STATE KEITH FABER



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

Bokescreek Township
Logan County
7210 County Road 117
Ridgeway, Ohio 43345

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the modified cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bokescreek Township, Logan County, (the Township) as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements and have issued our report thereon dated December 17, 2019, wherein we noted the Township uses a special purpose framework other than generally accepted accounting principles. We also noted the Township elected to change its financial presentation to a modified cash-basis comparable to the requirements of *Governmental Accounting Standards*.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses and a significant deficiency.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. We consider findings 2018-001 and 2018-002 described in the accompanying schedule of findings to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2018-003 described in the accompanying schedule of findings to be a significant deficiency.

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, opining 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 we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2018-001 and 2018-002.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

December 17, 2019

**BOKESCREEK TOWNSHIP
LOGAN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2018 AND 2017**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2018-001

Noncompliance and Material Weakness – Trustees’ Salary Allocation

Ohio Rev. Code § 505.24(C) states in part, by unanimous vote, a board of township trustees may adopt a method of compensation consisting of an annual salary to be paid in equal monthly payments. The amount of the annual salary approved by the board shall be no more than the maximum amount that could be received annually by a trustee if the trustee were paid on a per diem basis as specified in this division, and shall be paid from the township general fund or from other township funds in such proportions as the board may specify by resolution. Each trustee shall certify the percentage of time spent working on matters to be paid from the township general fund and from other township funds in such proportions as the kinds of services performed.

During 2018, the Trustees passed a resolution to change the allocation of Trustee salary to 90/10 based on 90% of Township work being spent on road work. However, the resolution did not include the specific funds for salaries to be paid from. The Trustees did complete monthly payroll certifications, which indicated the funds and percentages of work performed; however, for four months in 2018, allocation of the Trustees’ monthly salaries to the funds did not match the monthly payroll certifications and resulted in understated disbursements in the General fund and overstated disbursements in the Gasoline Tax fund in the amount of \$8,930. The accompanying financial statements and the Township’s accounting records have been adjusted.

Failure to properly allocate Trustees’ salaries could lead to misuse of funds, misstated financial statements, and findings for adjustment. By not passing a resolution to specify the funds which Trustees’ salaries will be paid from, compensation could be allocated to the incorrect funds.

The Trustees should approve a separate compensation resolution, which specifies the funds and the percentage from each fund they will be paid from. In addition, the Township should implement procedures to ensure that Trustees’ salaries are allocated in accordance with the Trustees’ payroll certifications.

FINDING NUMBER 2018-002

Noncompliance and Material Weakness – Financial Statement Misstatements

Ohio Rev. Code § 5705.42 requires, in part, that when the state or any department, division, agency, authority or unit thereof makes a grant or loan of money to any political subdivision of this state to aid in paying the cost of any program, activity, or function of such subdivision, the amount is deemed appropriated and shall be recorded by the subdivision. In addition, Auditor of State (AOS) Bulletin 2000-008 indicates that when a local government enters into an on-behalf-of program agreement with another local government or the State, whereby the local government or its residents are the beneficiaries under the agreement, the cash value benefit of the program received under the agreement shall be recorded as memorandum receipts and disbursements in the year on-behalf-of disbursements are made.

Governmental Accounting Standards Board (GASB) Statement No. 54 - Fund Balance Reporting and Governmental Fund Type Definitions established criteria for reporting governmental fund balances based upon constraints placed upon the use of the resources reported in the governmental fund. The five classifications are non-spendable, restricted, committed, assigned, and unassigned.

**FINDING NUMBER 2018-002
(Continued)**

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

The following misstatements occurred on the Township's financial statements and accounting records:

- In 2018, the Logan County Engineer directly paid contractors for a portion (\$39,947) of the Township's road paving project. The Township did not record these payments, and as such, understated intergovernmental receipts and capital outlay disbursements in the Capital Projects fund;
- In 2018, homestead and rollback receipts in the amounts of \$2,885 and \$14,597 were posted as property taxes in the General and Ambulance & Fire funds, respectively. These receipts should have been classified as intergovernmental receipts. The same errors occurred in 2017 in the General and Ambulance & Fire funds, in the amounts of \$2,872 and \$14,537, respectively;
- In 2017, fees for cemetery grave opening/closings, totaling \$1,200, were incorrectly classified as miscellaneous receipts and should have been classified as licenses, permits, and fees;
- The Township's subsequent year appropriation measure exceeded the estimated receipts in the General fund by \$107,709 and \$157,809 in 2018 and 2017, respectively. Reclassifications were made to report those amounts as assigned fund balance required to meet subsequent year appropriations instead of unassigned fund balance, in accordance with GASB 54 par. 16 (GASB cod. 1800.176).

The misstatements noted above are reflected on the accompanying financial statements and have been posted to the Township's accounting records where necessary. In addition to the adjustments and reclassifications listed above, we also identified additional misstatements ranging from \$190 to \$7,888, which we have brought to the Township's attention.

Furthermore, the Trustees' review of budget versus actual information is a significant internal control in monitoring performance of the Township and helps to identify unexpected fluctuations in the budget. The Township utilizes the Uniform Accounting Network (UAN), which has the capabilities of producing budget versus actual reports for individual funds. The Trustees did not review budget versus actual receipts and disbursements reports from the accounting system during 2017 and 2018.

The failure to correctly classify financial activity in the accounting records and financial statements may impact the users' understanding of the financial operations, the Trustees' ability to make sound financial decisions or comply with budgetary laws, and could result in materially misstated reports.

The Township should implement policies and procedures to provide for accurate and complete recording of financial activity and balances in the accounting records and financial statements to assist in the effective management and reporting of financial resources. Additionally, the Township should review the Ohio Township Handbook Appendix IV and AOS Bulletin 2011-004 for guidance on classification of transactions and requirements of GASB 54.

FINDING NUMBER 2018-003

Significant Deficiency – EMS Service Organization Controls

When contracting with a third party administrator (service organization) for processing ambulance runs, the Township should require the service organization obtain a report on its systems and controls (SOC 1 report). The Township should also receive reports from the service organization to allow for monitoring of billings and collections. In addition, Trustees should approve the write-off of uncollectible accounts.

During 2018 and 2017, the following deficiencies were identified in the billing and collection of ambulance run receipts:

- The service organization did not receive any type of report on its systems and controls;
- The only reports received from the service organization by the Township were the Credit Detail Report and the Credit Summary Report, which showed actual payments by accounts. There were no reports received that would indicate if individuals were being charged the correct rates as approved by the Trustees. When requested by the Township, the service organization did provide them for audit.
- The Trustees did not approve the write-offs of uncollectible accounts.

The deficiencies above limit the Township's ability to effectively manage and monitor the billing and collection of receipts from ambulance runs. Other alternative procedures were performed to gain assurance over these receipts.

In addition, the Township's EMS billing receipts totaling \$10,748 and \$17,071 for 2018 and 2017, respectively, were recorded as intergovernmental receipts and should have been classified as charges for services receipts. The accompanying financial statements have been adjusted.

The Township Trustees should approve the write-offs of uncollectible accounts. The service organization should be asked to obtain an annual report on its systems and controls (SOC 1 report). If the service organization does not receive a SOC 1 report on its internal control system, consideration should be given as to what additional controls can be implemented by the Township to help detect billing and collection errors. In addition, the Township should request monthly billing and accounts receivable reports from the service organization.

Officials' Response:

We did not receive a response from Officials to these findings.

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OHIO AUDITOR OF STATE KEITH FABER



BOKESCREEK TOWNSHIP

LOGAN 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 9, 2020**