



Dave Yost • Auditor of State

**BOWLING GREEN TOWNSHIP
LICKING COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Bowling Green Township
Licking County
11775 Macks Road
Glenford, Ohio 43739

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of Bowling Green Township, Licking County, (the Township) as of and for the years ended December 31, 2014 and 2013.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; 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.

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 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.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Township does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2014 and 2013, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Bowling Green Township, Licking County, Ohio as of December 31, 2014 and 2013, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Emphasis of Matter

As disclosed in Note 8 in the financial statements, the Township had a negative fund balance in the General Fund at December 31, 2014. Note 8 describe Management's plans regarding these matters. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. This matter does not affect our opinion on these financial statements.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 1, 2016, 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.



Dave Yost
Auditor of State
Columbus, Ohio

March 1, 2016

**BOWLING GREEN TOWNSHIP
LICKING COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	General	Special Revenue	Debt Service	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$ 49,663	\$ 130,633	\$ -	\$ 180,296
Licenses, Permits and Fees	1,090	-	-	1,090
Intergovernmental	20,555	106,721	-	127,276
Miscellaneous	2,255	-	-	2,255
<i>Total Cash Receipts</i>	<u>73,563</u>	<u>237,354</u>	<u>-</u>	<u>310,917</u>
Cash Disbursements				
Current:				
General Government	96,558	28,047	-	124,605
Public Safety	-	88,817	-	88,817
Public Works	-	102,565	-	102,565
Capital Outlay	423	733	-	1,156
Debt Service:				
Principal Retirement	-	18,164	-	18,164
Interest and Fiscal Charges	-	632	-	632
<i>Total Cash Disbursements</i>	<u>96,981</u>	<u>238,958</u>	<u>-</u>	<u>335,939</u>
<i>Net Change in Fund Cash Balances</i>	(23,418)	(1,604)	-	(25,022)
<i>Fund Cash Balances, January 1</i>	<u>670</u>	<u>45,503</u>	<u>194</u>	<u>46,367</u>
Fund Cash Balances, December 31				
Restricted	-	43,899	194	44,093
Unassigned (Deficit)	(22,748)	-	-	(22,748)
<i>Fund Cash Balances, December 31</i>	<u>\$ (22,748)</u>	<u>\$ 43,899</u>	<u>\$ 194</u>	<u>\$ 21,345</u>

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

**BOWLING GREEN TOWNSHIP
LICKING COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$ 50,947	\$ 128,230	\$ -	\$ -	\$ 179,177
Licenses, Permits and Fees	300	-	-	-	300
Intergovernmental	25,075	121,803	-	112,925	259,803
Miscellaneous	2,113	-	-	-	2,113
<i>Total Cash Receipts</i>	<u>78,435</u>	<u>250,033</u>	<u>-</u>	<u>112,925</u>	<u>441,393</u>
Cash Disbursements					
Current:					
General Government	89,582	17,714	-	-	107,296
Public Safety	-	89,255	-	-	89,255
Public Works	-	97,107	-	-	97,107
Conservation-Recreation	-	1,704	-	-	1,704
Capital Outlay	2,431	6,682	-	112,925	122,038
Debt Service:					
Principal Retirement	-	9,450	-	-	9,450
Interest and Fiscal Charges	-	1,078	-	-	1,078
<i>Total Cash Disbursements</i>	<u>92,013</u>	<u>222,990</u>	<u>-</u>	<u>112,925</u>	<u>427,928</u>
<i>Net Change in Fund Cash Balances</i>	(13,578)	27,043	-	-	13,465
<i>Fund Cash Balances, January 1</i>	<u>14,248</u>	<u>18,460</u>	<u>194</u>	<u>-</u>	<u>32,902</u>
Fund Cash Balances, December 31					
Restricted	-	45,503	194	-	45,697
Assigned	670	-	-	-	670
Unassigned (Deficit)	-	-	-	-	-
<i>Fund Cash Balances, December 31</i>	<u>\$ 670</u>	<u>\$ 45,503</u>	<u>\$ 194</u>	<u>\$ -</u>	<u>\$ 46,367</u>

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

**BOWLING GREEN TOWNSHIP
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Bowling Green Township, Licking County, Ohio, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides general governmental services including road and bridge maintenance and cemetery maintenance. The Township contracts with Licking Township, the National Trails Volunteer Fire Department and Hopewell Township to provide fire protection and emergency medical services.

The Township participates in the Ohio Plan public entity risk pool. Note 7 to the financial statements provide additional information for this entity. This organization is:

Public Entity Risk Pool:

The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, and other coverage to its members.

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

B. Accounting Basis

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

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

C. Deposits

The Township maintains all funds in an interest-bearing checking account.

D. Fund Accounting

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

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

**BOWLING GREEN TOWNSHIP
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

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

Gasoline Tax Fund - This fund receives gasoline tax money to pay for constructing, maintaining, and repairing Township roads and bridges.

Fire Levy Fund - This fund receives monies from tax levies and other sources that is used to provide fire protection and emergency medical services for Township residents.

3. Debt Service Fund

This fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

4. Capital Projects Fund

This fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditures for capital outlay, including the acquisition of capital facilities and other capital assets. The Township had the following significant Capital Project Fund:

OPWC Fund - The Township received a grant from the Ohio Public Works Commission (OPWC) to repave Somerset Road and Dogwood Lakes.

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

**BOWLING GREEN TOWNSHIP
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

E. Budgetary Process (Continued)

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The Township did not encumber all commitments as required by Ohio law.

A summary of 2014 and 2013 budgetary activity appears in Note 3.

F. Fund Balance

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

1. Nonspendable

The Township classifies assets as nonspendable when legally or contractually required to maintain the amounts intact.

2. Restricted

Fund balance is 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.

3. Committed

Trustees can commit amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as restricted or committed. Governmental funds other than the General Fund report all fund balances as assigned unless they are 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.

5. Unassigned

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

**BOWLING GREEN TOWNSHIP
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

F. Fund Balance (Continued)

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.

G. Property, Plant, and Equipment

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

2. Equity in Pooled Deposits

The Township maintains an interest bearing checking account.

The carrying amount of deposits and investments at December 31 was as follows:

	2014	2013
Demand Deposits	\$21,345	\$49,367

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2014 and 2013 was as follows:

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$78,156	\$73,563	(\$4,593)
Special Revenue	240,883	237,354	(3,529)
Debt Service	0	0	0
Total	\$319,039	\$310,917	(\$8,122)

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$100,925	\$96,981	\$3,944
Special Revenue	264,742	238,958	25,784
Debt Service	0	0	0
Total	\$365,667	\$335,939	\$29,728

**BOWLING GREEN TOWNSHIP
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

3. Budgetary Activity (Continued)

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$77,490	\$78,435	\$945
Special Revenue	238,960	250,033	11,073
Debt Service	0	0	0
Capital Projects	112,925	112,925	0
Total	\$429,375	\$441,393	\$12,018

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$84,689	\$92,013	(\$7,324)
Special Revenue	264,469	222,990	41,479
Debt Service	194	0	194
Capital Projects	112,925	112,925	0
Total	\$462,277	\$427,928	\$34,349

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General Fund by \$7,324 for the year ended December 31, 2013.

4. Property Tax

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

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

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

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

5. Debt

The Township had no debt outstanding at December 31, 2014. During 2014, the Township paid off the bonds issued for the purpose of purchasing a truck.

**BOWLING GREEN TOWNSHIP
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

6. Retirement Systems

The Township's Trustees, Clerk and other employees of the Township belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including post-retirement health care, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code. Contribution rates are also prescribed by the Ohio Revised Code. For 2014 and 2013, members of PERS contributed 10.0% of their gross salaries. The Township contributed an amount equal to 14.0% of participants' gross salaries. The Township has paid all contributions required through December 31, 2014.

7. Risk Management

The Township belongs to the Ohio Plan Risk Management (OPRM) - formerly known as the Ohio Risk Management Plan, (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverage to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retains 41.5% (effective November 1, 2011) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2012 (and through October 2014) the plan increased its retention to 50% of the first \$250,000 casualty treaty. The Plan's property retention remained unchanged from prior years. This change was made to balance the reinsurance market conditions. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 774 and 783 members as of December 31, 2013 and 2014 respectively.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2013 and 2014.

	<u>2013</u>	<u>2014</u>
Assets	\$13,774,304	\$14,830,185
Liabilities	(\$7,968,395)	(\$8,942,504)
Member's Equity	<u>\$5,805,909</u>	<u>\$5,887,681</u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

**BOWLING GREEN TOWNSHIP
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

8. Management Plan

At December 31, 2014, the Township General Fund had an ending fund balance of \$(22,748) with an overall ending fund balance of \$21,345. The Township is committed to improving their General Fund balance. The Township is actively seeking any available grants and is working with the prosecutor to obtain the monies awarded in a court case. Additionally, the Township is phasing out medical insurance for the Trustees to help reduce costs within the General Fund. All expenditures will be reviewed and discussed before payment is approved.

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Dave Yost • Auditor of State

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

Bowling Green Township
Licking County
11775 Macks Road
Glenford, Ohio 43739

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 financial statements of the Bowling Green Township, Licking County, Ohio, (the Township) as of and for the year ended December 31, 2014 and 2013, and the related notes to the financial statements and have issued our report thereon dated March 1, 2016 wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit. We also noted the Township had a negative fund balance in the General Fund at December 31, 2014 as described in Note 8.

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.

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 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2014-002 through 2014-005 to be material weaknesses.

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 2014-001 and 2014-002.

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 communication is not suitable for any other purpose.



Dave Yost
Auditor of State
Columbus, Ohio

March 1, 2016

**BOWLING GREEN TOWNSHIP
LICKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2014-001

Proper Certification of Funds - Noncompliance

Ohio Rev. Code § 5705.41(D) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" certificates - If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Township can authorize the drawing of a warrant for the payment of the amount due. The Township has thirty days from the receipt of the "then and now" certificate to approve payment by resolution. Amounts less than \$3,000 may be paid by the fiscal officer without a resolution upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of the expenditures by the Township.
2. Blanket certificates - Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. Super Blanket Certificate - The Township may also make expenditures and contracts for any amount from a specific line item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operation expense. This certification is not to extend beyond the current year. More than one so-called "super blanket" certificate may be outstanding at a particular time for any line item appropriation.

The Township did not certify the availability of funds prior to the purchase commitment for 12 out of 17 (71%) expenditures tested during 2013 and 9 out of 19 (47%) of expenditures tested during 2014.

Further, the Board of Trustees has not adopted a resolution setting the maximum amount allowed for blanket certificates. There were 30 blanket certificates issued during 2013 and 24 blanket certificates issued during 2014 by the Township.

**BOWLING GREEN TOWNSHIP
LICKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2014-001 (Continued)

Proper Certification of Funds – Noncompliance (Continued)

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Township's funds exceeding budgetary spending limitations, we recommend the Fiscal Officer certify that the funds are or will be available prior to obligation by the Fiscal Officer. When prior certification is not possible, "then and now" certification should be used. As a result of not having established a maximum allowed amount for blanket certificates, the Township could expend more than the Board intends.

We recommend the Fiscal Officer certify purchases to which section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The Fiscal Officer should sign the certification at the time the Township incurs a commitment, and only when the requirements of 5705.41(D) are satisfied. The Fiscal Officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation. Additionally we recommend the Board adopt a resolution or ordinance establishing a maximum amount that could be charged to a blanket certificate.

FINDING NUMBER 2014-002

Use of Revenues and Negative Fund Balance – Material Weakness and Noncompliance

Ohio Rev. Code § 5705.10(D) states that all revenue derived from a source other than the general property tax which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose. Further **Ohio Rev. Code § 5705.10(I)** states that money paid into any fund shall be used only for the purposes for which such fund was established. The existence of a deficit fund balance indicates money from another fund or funds was used to pay obligations of funds that carry the deficit fund balance.

During 2013 and 2014 the Township's Fiscal Officer posted receipts to incorrect funds. The following adjustments and were posted to the financial statements and to the Township's accounting records:

- Homestead and Rollback receipts of \$6,133 were posted as Property Taxes within the General Fund that should have been posted as Intergovernmental Receipts within the Road and Bridge Fund during 2013.
- Homestead and Rollback receipts of \$14,826 were posted as Property Taxes within the General Fund that should have been posted as Intergovernmental Receipts within the Fire Levy Fund during 2013.
- Homestead and Rollback receipts of \$4,175 were posted as Property Taxes within Road and Bridge Fund that should have been posted as Intergovernmental Receipts within the General fund during 2014.
- Homestead and Rollback receipts of \$7,584 were posted as Property Taxes within the Road and Bridge Fund that should have been posted as Intergovernmental Revenue within the Fire Levy Fund during 2014.

**BOWLING GREEN TOWNSHIP
LICKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2014-002 (Continued)

**Use of Revenues and Negative Fund Balance – Material Weakness and Noncompliance
(Continued)**

Additionally, failure to properly record receipts noted above resulted in the Township not being compliant with the contracts entered into for fire services. The Township is required to remit revenues from the fire levies to three different entities for fire protection services in accordance with the respective contract. The Township only remitted the revenues received into the Fire Levy Fund, which did not include the receipts noted above.

Further, At March 31, 2013, the Township had a negative fund balance of \$(4,761) within the General Fund. All Township fund cash balances at December 31, 2013 were positive. At December 31, 2014 the Township had a negative fund balance of \$(22,748) within the General Fund. This negative fund balance is the result of audit adjustments noted above.

Improper posting of financial transactions decreases the reliability of financial data throughout the year. And can result in overspending and negative fund balances.

We recommend the Township Fiscal Officer periodically review receipts, expenditures, and fund balances to ensure receipts are posted to proper funds. We also recommend the Board of Trustees review monthly Budget verse Actual financial reports to assure that negative fund balances do not exist. We also recommend the Township review their fire services contracts and ensure all funds are remitted to the proper departments in accordance with the contracts.

FINDING NUMBER 2014-003

Financial Reporting – Material Weakness

Sound financial reporting is the responsibility of the Township's Fiscal Officer and Township Trustees and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

The following were material to the Township's financial statements and were posted to the financial statements and to the Township's accounting records:

- Reclassification of \$8,178 from Property Taxes to Intergovernmental Receipts within the General Fund in 2013 due to misposting of Homestead and Rollback receipts.
- Reclassification of Unassigned Fund Balance to Assigned Fund Balance of \$670 within the General Fund for 2013 to account for fund balance assigned for the subsequent year's appropriations.
- Adjustment to increase Miscellaneous Receipts by \$600 to record zoning permits and to increase General Government Expense by \$3,695 to record expenses within the General Fund for 2013 that were not recorded during the year.
- Adjustment to increase General Government disbursements by \$3,772 to record various disbursements, Property and other Local Taxes by \$32 to record a tax advance and Miscellaneous Receipts by \$20 to record a refund within the General Fund for 2014 that were not recorded during the year.

**BOWLING GREEN TOWNSHIP
LICKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2014-003 (Continued)

Financial Reporting – Material Weakness (Continued)

- Adjustment to decrease General Government Expense by \$389 and Public Works Expense by \$2,224 to correct retirement withholding remittances recorded twice within the Gasoline Tax Fund for 2014.

Also refer to Finding 2014-004 for further information on adjustments noted above.

The following were inconsequential to the Township's financial statements and were not posted to the financial statements and to the Township's accounting records:

- Reclassification of \$3,131 from Property Taxes to Intergovernmental Receipts within the Road and Bridge Fund for 2014 due to misposting of Homestead and Rollback receipts.
- Reclassification of \$960 from Property Taxes to Intergovernmental Receipts within the General Fund for 2014 due to misposting of grant receipts.
- Reclassification of Unassigned Fund Balance to Assigned Fund Balance of \$849 within the General Fund for 2014 to account for fund balance assigned for the subsequent year's appropriations.

Lack or failure of controls in place over the posting of financial transactions and financial reporting can result in errors that may go undetected and decreases the reliability of financial data throughout the year.

We recommend the Township develop and enhance policies and procedures over financial reporting to help ensure the information accurately reflects the activity of the Township and thereby increasing the reliability of the financial data and reporting.

FINDING NUMBER 2014-004

Bank to Book Reconciliation – Material Weakness

Monthly bank reconciliations should be performed by the Fiscal Officer to determine if all receipts and disbursements have been properly posted. Reconciling items should be investigated at the time of the reconciliation and resolved in a timely manner. Documentation supporting all reconciling items should be included with the reconciliation. Reconciliations should include all bank accounts and book balances.

The Township performed monthly bank to book reconciliations throughout fiscal year 2013 and 2014. However, the Township's December 31, 2013 and 2014 bank reconciliations included an unreconciled variance totaling \$289. This was after audit adjustments of \$3,095 in fiscal year 2013 and \$4,202 in fiscal year 2014 (refer to Finding 2014-003 for further information). The adjustments were from numerous transactions not posted properly to the Township's accounting system and were noted throughout the two year audit period.

**BOWLING GREEN TOWNSHIP
LICKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013
(Continued)**

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

FINDING NUMBER 2014-004 (Continued)

Bank to Book Reconciliation – Material Weakness (Continued)

When bank reconciliations are not properly performed, monthly fund balances may be understated or overstated and management cannot be assured that the ledgers reflect the proper financial activities of the Township. Failure to reconcile bank to book balances and include all bank transactions with significant explanation may result in errors or irregularities undetected by management and misguided decisions made by the Board based on inaccurate financial reports provided to them.

We recommend the Township Fiscal Officer perform accurate monthly bank-to-book reconciliations that identify all reconciling items. Additionally, we recommend the Township timely investigate and resolve outstanding reconciling items/factors as they are identified.

FINDING NUMBER 2014-005

Ohio Public Works Commission Grants – Material Weakness

Auditor of State (AOS) Bulletin 2000-008 indicates 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 should be recorded as memorandum receipts and disbursements in the year on-behalf-of disbursements are made. Additionally, AOS Bulletin 2002-004 indicates all local governments participating in infrastructure projects funded by the Ohio Public Works Commission (OPWC) funds must establish a capital projects fund to account for both the OPWC grant monies and local matching funds.

In 2013, the OPWC expended \$112,925 for a road repair project on behalf of the Township. Under the terms of this agreement, OPWC made project payments directly to the vendor/contractor on the Township's behalf. The Township did not recognize the amounts as receipts and disbursements in the Township's accounting records, thus understating the intergovernmental receipts and capital outlay disbursements reported in the Capital Projects Fund. This was caused by the Township not having procedures in place for recording on-behalf of payments. Adjustments were made to the 2013 financial statements to recognize these receipts and disbursements.

Failure to properly record on-behalf payments results in an understatement of receipts and disbursements.

We recommend the Township record any payments made on behalf of the Township by another party.

Official's Response

We did not receive a response from Officials to the findings reported above.

**BOWLING GREEN TOWNSHIP
LICKING COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2014 AND 2013**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2012-001	Ohio Rev. Code § 5705.41(B), expenditures exceeding appropriations	No	Partially Corrected. Repeated in Management Letter.
2012-002	Ohio Rev. Code § 5705.39, appropriations exceeding estimated resources	Yes	
2012-003	Ohio Rev. Code § 5705.41(D), proper certification of expenditures	No	Not Corrected. Repeated as Finding 2014-001
2012-004	Ohio Rev. Code § 5705.36(A), appropriations exceeding actual resources	No	Partially Corrected. Repeated in Management Letter



Dave Yost • Auditor of State

BOWLING GREEN TOWNSHIP

LICKING 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
MAY 10, 2016**