



OHIO AUDITOR OF STATE
KEITH FABER



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Perry Township
Coshocton County
20995 CR 367
Walhonding, Ohio 43843

We have completed certain procedures in accordance with Ohio Rev. Code § 117.01(G) to the accounting records and related documents of Perry Township, Coshocton County, Ohio (the Township), for the years ended December 31, 2019 and 2018.

Our procedures were designed solely to satisfy the audit requirements of Ohio Rev. Code § 117.11(A). Because our procedures were not designed to opine on the Township's financial statements, we did not follow *generally accepted auditing standards*. We do not provide any assurance on the Township's financial statements, transactions or balances for the years ended December 31, 2019 and 2018.

The Township's management is responsible for preparing and maintaining its accounting records and related documents. Our responsibility under Ohio Rev. Code § 117.11(A) is to examine, analyze and inspect these records and documents.

Based on the results of our procedures, we found the following significant compliance or accounting issues to report.

Current Year Observations

1. Ohio Rev. Code § 133 allows various methods for subdivisions to incur debt. Ohio Rev. Code § 133 allows a subdivision to issue anticipatory securities. Ohio Rev. Code § 133.10 allows anticipation securities in anticipation of current property tax revenues or in anticipation of current revenues in and for any fiscal year from any source or combination of sources, including distributions of any federal or state monies, other than the proceeds of property taxes levied by the subdivision.

Ohio Rev. Code § 133.15 allows the issuance of securities for the purpose of paying all or any portion of the costs of any permanent improvement that the subdivision is authorized, alone or in cooperation with other persons, to acquire, improve, or construct. Ohio Rev. Code § 133.18 allows the taxing authority of a subdivision by legislation to submit to the electors of the subdivision the question of issuing any general obligation bonds, for one purpose, that the subdivision has power or authority to issue.

On August 28, 2019, the Board of Township Trustees signed a promissory note with Peoples Bank, in the amount of \$60,000, to finance the purchase of a tractor. The Township also signed a promissory note with Peoples Bank in 2017 for Township road work that is currently in repayment. These notes do not meet the requirements set forth in Ohio Rev. Code § 133.

The Ohio Revised Code contains various methods of incurring debt for Townships. Installment loans and promissory notes with banking institutions are not legal methods of debt for Townships.

The Board of Township Trustees should consult with the Township's legal counsel prior to the Township incurring future debt.

Current Year Observations (Continued)

2. Ohio Rev. Code § 149.43(B)(2) states “to facilitate broader access to public records, a public office or the person responsible for public records shall organize and maintain public records in a manner that they can be made available for inspection or copying in accordance with division (B) of this section. A public office also shall have available a copy of its current records retention schedule at a location readily available to the public. If a requester makes an ambiguous or overly broad request or has difficulty in making a request for copies or inspection of public records under this section such that the public office or the person responsible for the requested public record cannot reasonably identify what public records are being requested, the public office or the person responsible for the requested public record may deny the request but shall provide the requester with an opportunity to revise the request by informing the requester of the manner in which records are maintained by the public office and accessed in the ordinary course of the public office's or person's duties.”

While we noted during the Township's yearly organizational meeting the Trustees approved for the Township to keep all records, the Township did not have a formal records retention policy.

We recommend the Township establish a formal records retention policy and ensure it is readily available to the public.

3. Ohio Rev. Code § 149.43(E)(1) states to ensure that all employees of public offices are appropriately educated about a public office's obligations under division (B) of this section, all elected officials or their appropriate designees shall attend training approved by the attorney general as provided in section 109.43 of the Revised Code. A future official may satisfy the requirements of this division by attending the training before taking office, provided that the future official may not send a designee in the future official's place.

Ohio Rev. Code § 149.43(E)(2) states public offices shall adopt a public records policy in compliance with this section for responding to public records requests. In adopting a public records policy under this division, a public office may obtain guidance from the model public records policy developed and provided to the public office by the attorney general under section 109.43 of the Revised Code. Except as otherwise provided in this section, the policy may not limit the number of public records that the public office will make available to a single person, may not limit the number of public records that it will make available during a fixed period of time, and may not establish a fixed period of time before it will respond to a request for inspection or copying of public records, unless that period is less than eight hours.

The public office shall distribute the public records policy adopted by the public office under this division to the employee of the public office who is the records custodian or records manager or otherwise has custody of the records of that office. The public office shall require that employee to acknowledge receipt of the copy of the public records policy. The public office shall create a poster that describes its public records policy and shall post the poster in a conspicuous place in the public office and in all locations where the public office has branch offices. The public office may post its public records policy on the internet web site of the public office if the public office maintains an internet web site. A public office that has established a manual or handbook of its general policies and procedures for all employees of the public office shall include the public records policy of the public office in the manual or handbook.

The Township's elected officials (Fiscal Officer and three Trustees) are required to attend public records training, however we noted only the Fiscal Officer and one Trustee attended the required training for their term. The second Trustee still has the remainder of his term to attend the required training. The third Trustee's term ended during the audit period; he did not attend the required training and there was no documentation that he appointed a designee to attend the required training on his behalf.

Current Year Observations (Continued)

The Township does not have an approved public records policy as required by Ohio Rev. Code § 149.43(E)(2).

We recommend all elected officials attend the required public records training for each term of office, or formally document an appointed designee to attend on their behalf. We also recommend the Township establish a public records policy, ensure the policy is publicly posted and written evidence is maintained the records custodian has received the policy.

4. Ohio Rev. Code § 505.601 states if a board of township trustees does not procure an insurance policy or group health care services as provided in § 505.60 of the Revised Code, the board of township trustees may reimburse any township officer or employee for each out-of-pocket premium attributable to the coverage provided for that officer or employee for insurance benefits described in division (A) of § 505.60 of the Revised Code that the officer or employee otherwise obtains, if all of the following conditions are met:
 - (A) The board of township trustees adopts a resolution that states that the township has chosen not to procure a health care plan under § 505.60 of the Revised Code and has chosen instead to reimburse its officers and employees for each out-of-pocket premium attributable to the coverage provided for them for insurance benefits described in division (A) of § 505.60 of the Revised Code that they otherwise obtain.
 - (B) That resolution provides for a uniform maximum monthly or yearly payment amount for each officer or employee to cover themselves and their immediate dependents, beyond which the township will not reimburse the officer or employee.
 - (C) That resolution states the specific benefits listed in division (A) of § 505.60 of the Revised Code for which the township will reimburse all officers and employees of the township. The township may not reimburse officers and employees for benefits other than those listed in division (A) of § 505.60 of the Revised Code.

The Township reimbursed Township elected officials for out of pocket healthcare costs during 2019 and 2018. The Township's policy set a maximum of \$300 per month to be reimbursed, however the policy did not specify any other items as required, such as stating the Township chooses to not procure an insurance policy and detail the specific types of benefits the Township will reimburse for.

We noted one Trustee was reimbursed for family health insurance through their spouse's employer, and the Township paid a premium for disability insurance for this individual. The total monthly benefit to the Trustee did not exceed the maximum amount of \$300 per the policy.

We recommend the Township review the requirements of Ohio Rev. Code § 505.601 and adopt a compliant revised healthcare reimbursement policy. We also recommend the Township not make direct payment for insurance on behalf of an elected official or employee; payments should be made by the elected official or employee and then request reimbursement, as long as the payment was for allowable benefits per the Township's policy. The Township should also ensure reimbursements are not paid for "double benefits", such as a family healthcare plan plus an individual plan covering the same individuals.

Current Year Observations (Continued)

5. Maintaining organized documentation and support for financial transactions is essential in assuring the Township's financial statements are accurately presented and that all expenditures are made for a proper public purpose.

During testing of credit card transactions, we noted the following:

- In 2019, a purchase for \$29.99 on the Township's Tractor Supply credit card did not contain an itemized receipt to support the item(s) purchased.

The Township should ensure proper supporting documentation, such as itemized receipts, are required and maintained when reimbursements are made to ensure the payment is for a proper public purpose.

Failure to maintain supporting documentation of financial transactions can increase the risk of fraud, inaccurate financial reporting, and expenditures being made that are not for a proper public purpose.



Keith Faber
Auditor of State
Columbus, Ohio

April 20, 2020

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PERRY TOWNSHIP

COSHOCTON 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
APRIL 30, 2020**