



OHIO AUDITOR OF STATE
KEITH FABER



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Malta-McConnelsville Joint Recreation Board
Morgan County
2255 Hosom Road
Malta, Ohio 43758

We have completed certain procedures in accordance with Ohio Rev. Code § 117.01(G) to the accounting records and related documents of the Malta-McConnelsville Joint Recreation Board, Morgan County, Ohio (the Board), for the years ended December 31, 2020 and 2019.

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 Board's financial statements, we did not follow *generally accepted auditing standards*. We do not provide any assurance on the Board's financial statements, transactions or balances for the year ended December 31, 2020 and 2019.

The Board'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

- Ohio Rev. Code § 9.22** provides that no political subdivision may hold or utilize a debit card account, except for law enforcement purposes. This section does not apply to debit card accounts related to the receipt of grant moneys. The Board held and used a debit card during 2020 and 2019 for purposes other than grant funds or law-enforcement. Debit cards were responsible for \$2,075 and \$901 in expenditure transactions in 2020 and 2019, respectively. The Board maintained no policy governing use of the debit card nor listing of authorized users. The Board should terminate its debit cards and replace with a more limited purchasing or credit card and approve any resulting policies accordingly.
- Ohio Rev. Code § 117.38** provides, in part, that each public office, other than a state agency, shall file a financial report for each fiscal year. The report shall be certified by the proper officer or Board and filed with the Auditor of State within sixty days after the close of the fiscal year. The Treasurer filed the annual report for the Board in the Hinkle System on May 19, 2021 and March 18, 2020 for 2020 and 2019, respectively, which is not within the required timeframe. Late filings can result in penalties. The Board and Treasurer should ensure the annual report is filed with the Auditor of State within sixty days of the close of the fiscal year.
- Ohio Rev. Code § 121.22 (C)** provides, in part, that the minutes of a regular or special meeting of any public body shall be promptly prepared, filed, and maintained and shall be open to public inspection. During 2020 and 2019, the Board did not prepare or maintain a minute record. This can lead to questions concerning actions taken and obfuscates accountability. The Board should implement procedures to ensure minute records are prepared, filed, maintained, and open to public inspection.

Current Year Observations (Continued)

4. **Ohio Rev. Code § 149.43(B)(2)** provides that the public office should have an approved records retention schedule which is readily available to the public. The Board did not approve a formal records retention schedule. This could lead to improper destruction of records. The Board should approve the required record retention schedule.
5. **Ohio Rev. Code § 149.43(E)(2)** provides that every public office must have a policy in place for responding to public records requests. Generally, a public records policy cannot: (1) limit the number of public records the office will make available to a single person; (2) limit the number of public records the office will make available during a fixed period of time; and (3) establish a fixed period of time before the office will respond to a request for inspection/copying of public records unless that period is less than eight hours. However, pursuant to **Ohio Rev. Code § 149.43(B)(7)(c)**, the policy may limit the number of public records the public office will physically deliver by U.S. Mail or other delivery service to ten per month unless the person certifies to the office in writing that the person does not intend to use or forward the requested records, or the information contained in them, for commercial purposes. "Commercial" is narrowly construed and does not include reporting or gathering news, reporting or gathering information to assist citizen oversight or understanding of the operation or activities of government, or nonprofit educational research. **Ohio Rev. Code § 149.43(E)(2)** further requires all public offices take certain actions with regard to their public record policy. Public offices must distribute their Public Records Policy to the employee who is the records custodian/manager or otherwise has custody of the records of that office and have that employee acknowledge receipt of the Public Records Policy; create and display in a conspicuous place in all locations where the public office has branch offices a poster describing the public records policy; and, if the public office has a manual or handbook of its general policies and procedures for all employees, include the public records policy in that manual or handbook. The Board has no formal written policy that would demonstrate compliance with the Ohio Revised Code. This could result in records requests not being fulfilled in accordance with Ohio law. The Board shall establish a public records policy. The policy shall be distributed to the records custodian/manager and the Board should have a written acknowledgement of receipt from the records custodian/manager. In addition, a poster describing the public records policy must be conspicuously displayed in all of the Board's branch offices and the public records policy must be included in policy manuals or handbooks if any exist. Pursuant to **Ohio Rev. Code § 109.43(E)(2)**, the Ohio Attorney General has developed and provided to all public offices a model public records policy for responding to public records requests. The policy, which is available at <https://www.ohioattorneygeneral.gov/Files/Government-Entities/Model-Public-Records-Policy.aspx>, provides guidance to public offices in developing their own policies for responding to public records requests in compliance with the Public Records Act
6. **Ohio Rev. Code § 5705.28(2)(a)** provides, in part, that the taxing authority of a taxing unit that does not levy a tax, on or before the fifteenth day of July each year, shall adopt an operating budget for the taxing unit for the ensuing fiscal year. The operating budget shall include an estimate of receipts from all sources, a statement of all taxing unit expenses that are anticipated to occur, and the amount required for debt charges during the fiscal year. The operating budget is not required to be filed with the county auditor or the county budget commission. Further, **Ohio Rev. Code § 5705.28(2)(b)** provides the applicability of the following Sections for a taxing unit that does not levy a tax:
 - **Ohio Rev. Code § 5705.38(A)** provides, in part, that on or about the first day of each fiscal year, the taxing authority of each subdivision or other taxing unit shall pass an appropriation measure.
 - **Ohio Rev. Code § 5705.36(A)(1)** provides, in part, on or about the first day of each fiscal year, the fiscal officer of each subdivision and other taxing unit shall certify to the county auditor the total amount from all sources available for expenditures from each fund set up in the tax budget or, if adoption of a tax budget was waived under § 5705.281 of the Revised Code, from each fund created by or on behalf of the taxing authority.

Current Year Observations (Continued)

6. Ohio Rev. Code § 5705.28(2)(a) (Continued)

- **Ohio Rev. Code § 5705.41(B)** prohibits a subdivision or taxing authority unit from making any expenditure of money unless it has been appropriated in accordance with the Ohio Revised Code.

The Board did not obtain adopt an operating budget, approve an appropriation measure, or obtain a certificate of estimated resources. This was not detected by the Board due to deficiencies in the budgetary compliance and monitoring control policies and procedures. Failure to obtain/approve the stated budgetary measures can lead to improper budgeting and limits the effectiveness of management monitoring. In addition, all expenditures of the Board appropriation authority. Failure to have adequate appropriations in place at the time expenditures are made could cause expenditures to exceed available resources, further resulting in deficit spending practices. The Board, on or before the fifteenth day of July each year, should approve an operating budget. The Treasurer should prepare, on or about the first day of each fiscal year, the total amount from all sources available for expenditures from each fund. The Board should, on or about the first day of each fiscal year, pass an appropriation measure. Further, the Board should closely monitor expenditures and appropriations and make the necessary appropriation amendments, if possible, to reduce the likelihood of expenditures exceeding appropriations. Additionally, the Treasurer should deny payment requests exceeding appropriations when appropriations are inadequate to cover the expenditures.

7. Ohio Admin. Code 114-2-01(A) and (D) provide, in part, that all public officials are responsible for the design and operation of a system of internal control that is adequate to provide reasonable assurance regarding the achievement of objectives for their respective public offices in certain categories. When designing the public office's system of internal control and the specific control activities, management should consider the following:

- (1) Ensure that all transactions are properly authorized in accordance with management's policies.
- (2) Ensure that accounting records are properly designed.
- (3) Ensure adequate security of assets and records.
- (4) Plan for adequate segregation of duties or compensating controls.
- (5) Verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.
- (6) Perform analytical procedures to determine the reasonableness of financial data.
- (7) Ensure the collection and compilation of the data needed for the timely preparation of financial statements.
- (8) Monitor activities performed by service organizations.

The Board kept a running cash journal using Excel. The Board did not maintain, or did not complete, a receipts ledger or appropriation ledger. Further, no controls were implemented, such as duplicate receipts, to help ensure completeness. This lack of controls restricts the Board's ability to monitor its financial activity and status, eliminating key management tools for making sound financial decisions. The Board should establish adequate controls and procedures to help enable accurate monitoring and ensure completeness.

8. **State ex. Rel. McClure v. Hagerman, 155 Ohio St. 320 (1951)**, provides that expenditures made by a governmental unit should serve a public purpose. Typically the determination of what constitutes a "proper public purpose" rests with the judgement of the governmental entity, unless such determination is arbitrary or unreasonable. Auditor of State Bulletin 2003-005 Expenditure of Public Funds/Proper "Public Purpose" states that the Auditor of State's Office will only question expenditures where the legislative determination of a public purpose is manifestly arbitrary and incorrect. The Board paid sales tax on multiple occasions despite being a tax-exempt entity. This resulted in an unnecessary cost to the District of \$134. The Board shall ensure that tax exemption certificates are filed with all vendors for whom the Board conducts business to avoid unnecessary expenditures.



Keith Faber
Auditor of State
Columbus, Ohio

August 5, 2021

OHIO AUDITOR OF STATE KEITH FABER



MALTA-MCCONNELSVILLE JOINT RECREATION BOARD

MORGAN COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 8/19/2021

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This report is a matter of public record and is available online at
www.ohioauditor.gov