



OHIO AUDITOR OF STATE
KEITH FABER



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BASIC AUDIT REPORT

Coal Township
Perry County
5119 Township Road 495 SE
New Straitsville, Ohio 43766

We have completed certain procedures in accordance with Ohio Rev. Code Section 117.01(G) to the accounting records and related documents of Coal Township, Perry County, Ohio (the Township), for the years ended December 31, 2022 and 2021.

Our procedures were designed solely to satisfy the audit requirements of Ohio Rev. Code Section 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, 2022 and 2021.

The Township's management is responsible for preparing and maintaining its accounting records and related documents. Our responsibility under Ohio Rev. Code Section 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. 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 judgment of the governmental entity, unless such determination is arbitrary or unreasonable. Even if a purchase is reasonable, Ohio Attorney General Opinion 82-006 indicates that it must be memorialized by a duly enacted ordinance or resolution and may have a prospective effect only. Auditor of State Bulletin 2003-005 Expenditure of Public Funds/Proper "Public Purpose" states, in part, the Auditor of State's Office will only question expenditures where the legislative determination of a public purpose is manifestly arbitrary and incorrect.

The Township failed to maintain supporting itemized receipts for two transactions in 2022 totaling \$36. The Township expended \$59 in late fees on a Township issued credit card. The Township also expended \$133 in 2022 and \$62 in 2021 in sales tax. The payment of late fees and sales tax noted are not considered to be a proper use of public funds and can result in findings for recovery. The Fiscal Officer should make timely payments to avoid late fees and ensure the public monies are for a proper public purpose, in addition to maintaining supporting documentation for all expenditures.

Current Year Observations (Continued)

2. **Ohio Rev. Code § 133** contains various methods of incurring debt for Townships. During 2022 and 2021, the Township made principal and interest payments on promissory notes in the amounts of \$12,306 and \$9,466 for payments on an excavator and truck, respectively. Additionally, during 2021, the Township signed a promissory note with Peoples State Bank for the purchase of a dump truck in the amount of \$42,420. The Township was unable to provide statutory authority to incur debt through either installment loans or promissory notes with banking institutions. The Township should consult with legal counsel prior to incurring future debt to determine if the debt is authorized by statute.
3. **Ohio Rev. Code §§ 109.43(B) and 149.43(E)(1)** require all state and local elected officials, or their designees, to attend 3 hours of training on Ohio's Public Records Laws during each term of office. The training received must be certified by the Ohio Attorney General. Proof of completion of training must include documentation either from the Attorney General's Office or from another entity certified by the Attorney General to provide the training to the elected official or his/her designee. Attendees who successfully complete the training will receive a certificate to serve as proof of training.

Two of two (100%) of the Township's elected officials with terms ending in 2021, did not, during their term of office, attend a required Certified Public Records Training or have an appropriate designee attend a training, due to deficiencies in internal controls over public record laws training procedures and monitoring. This could result in improper education of public offices regarding the offices' duties related to public records requests as well as improper withholding of information from stakeholders.

4. **Ohio Rev. Code § 505.64** requires a Board of Township Trustees, who authorizes an officer, employee, or appointee of the Township to use a credit card account held by the Board of Township Trustees to adopt a written policy for the use of credit card accounts. The Township held three credit cards during 2022 and 2021 with purchases totaling \$3,739 and \$5,206, respectively, however did not have an approved credit card policy or formal procedures surrounding credit card activity and use in place. The Township should approve a credit card policy.
5. The Township wrote checks payable to cash totaling \$892 in 2022 and \$1,200 in 2021 to be used for petty cash. Petty cash was primarily utilized for payment of cleaning the Township building. The Township does not have a policy in place regarding petty cash, such as what types of expenditures can be made and the maximum amount to be paid for each transaction. The lack of a policy could lead to payments being outside of the control of the Board, or the Board being unaware of the types of payments being made from Township funds. Additionally, this could lead to vendors not being issued 1099's should cash payments to vendors exceed \$600 for a year. The Township should establish a comprehensive petty cash policy.



Keith Faber
Auditor of State
Columbus, Ohio

May 7, 2024

OHIO AUDITOR OF STATE KEITH FABER



COAL TOWNSHIP

PERRY 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 5/21/2024

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