



OHIO AUDITOR OF STATE
KEITH FABER



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Penn Township
Morgan County
444 Scott Penn Lane
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 Penn Township, Morgan County (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 to report.

Current Year Observations

1. **Ohio Rev. Code § 149.43(B)(2)** states, in part, a public office shall have available a copy of its current records retention schedule at a location readily available to the public.

Ohio Rev. Code § 149.381 states, in part, when a records commission has approved a schedule of records retention, the records commission shall send that schedule of records retention to the Ohio Historical Connection for its review. Upon completion of its review, the Ohio history connection shall forward the schedule of records retention to the auditor of state for the auditor of state's approval or disapproval.

No formal records retention schedule has been adopted by the Board of Trustees records commission and subsequently sent to Ohio Historical Connection for review and approval.

The Township should adopt a records retention schedule in accordance with the guidelines outlined in Ohio Rev. Code § 149.381. The Township should maintain this schedule and make it available to anyone wishing to review the schedule

2. During 2018 the Township entered into an agreement with a local bank on a 10-year promissory note, in the amount of \$144,645, for the purchase of a 2010 International truck. Ohio Rev. Code Chapter 133 allows various methods for subdivisions to incur debt and this type of debt is not authorized in Ohio Rev. Code Chapter 133. Without a statutory provision authorizing this method for incurring debt, the Township was not permitted to use such a method. The Township had no statutory authority to incur debt through either installment loans or promissory notes with any banking institutions. Inadequate policies and procedures related to debt issuance can result in illegal expenditures by the Township.

Current Year Observations (Continued)

3. The Township signed a promissory note with a local bank on September 24, 2018, for \$144,645. We noted the Township did not post the proceeds and the corresponding expenditure for this debt to the Township's ledgers. The Township should record all debt proceeds and the corresponding expenditures in the Township's ledgers.
4. We observed that during 2018, the Trustees did not charge any administrative costs for board meetings to the General Fund. 100% of the Trustees' salaries were paid from the Gasoline Tax fund. It has been determined that board meetings are an administrative function that should be charged to the General Fund. A reasonable amount needs to be charged to the General Fund for board meetings.



Keith Faber
Auditor of State
Columbus, Ohio

July 7, 2020

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PENN TOWNSHIP

MORGAN 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
JULY 21, 2020**