



Dave Yost • Auditor of State

HOMER TOWNSHIP
MEDINA COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Homer Township
Medina County
8964 Spencer Road
P.O. Box 32
Homerville, Ohio 44235

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of Homer Township, Medina County, Ohio, (the Township) as of and for the years ended December 31, 2013 and 2012.

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 opinion.

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, to satisfy requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

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, 2013 and 2012, 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 Homer Township, Medina County, Ohio as of December 31, 2013 and 2012, 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 2, 2014, 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

September 2, 2014

**HOMER TOWNSHIP
MEDINA 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	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$98,899	\$68,893	\$167,792
Licenses, Permits and Fees		1,400	1,400
Intergovernmental	51,747	106,465	158,212
Earnings on Investments	73	34	107
Miscellaneous	8,083	1,515	9,598
<i>Total Cash Receipts</i>	<u>158,802</u>	<u>178,307</u>	<u>337,109</u>
Cash Disbursements			
Current:			
General Government	170,494	686	171,180
Public Works	2,938	147,416	150,354
Health	3,835	4,504	8,339
Capital Outlay		6,000	6,000
Debt Service:			
Principal Retirement		8,690	8,690
Interest and Fiscal Charges		251	251
<i>Total Cash Disbursements</i>	<u>177,267</u>	<u>167,547</u>	<u>344,814</u>
<i>Net Change in Fund Cash Balances</i>	(18,465)	10,760	(7,705)
<i>Fund Cash Balances, January 1</i>	<u>81,428</u>	<u>133,242</u>	<u>214,670</u>
Fund Cash Balances, December 31			
Restricted		144,002	144,002
Unassigned	62,963		62,963
<i>Fund Cash Balances, December 31</i>	<u>\$62,963</u>	<u>\$144,002</u>	<u>\$206,965</u>

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

**HOMER TOWNSHIP
MEDINA COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$98,211	\$68,680	\$166,891
Licenses, Permits and Fees		2,570	2,570
Intergovernmental	44,315	106,110	150,425
Earnings on Investments	36	19	55
Miscellaneous	8,321	6,600	14,921
<i>Total Cash Receipts</i>	<u>150,883</u>	<u>183,979</u>	<u>334,862</u>
Cash Disbursements			
Current:			
General Government	148,814	428	149,242
Public Works	2,810	150,447	153,257
Health	5,855	478	6,333
Debt Service:			
Principal Retirement		8,346	8,346
Interest and Fiscal Charges		596	596
<i>Total Cash Disbursements</i>	<u>157,479</u>	<u>160,295</u>	<u>317,774</u>
<i>Net Change in Fund Cash Balances</i>	(6,596)	23,684	17,088
<i>Fund Cash Balances, January 1</i>	<u>88,024</u>	<u>109,558</u>	<u>197,582</u>
Fund Cash Balances, December 31			
Restricted		133,242	133,242
Unassigned	81,428		81,428
<i>Fund Cash Balances, December 31</i>	<u>\$81,428</u>	<u>\$133,242</u>	<u>\$214,670</u>

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

**HOMER TOWNSHIP
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

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 Homer Township, Medina County, Ohio, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance and cemetery maintenance.

The Township participates in the Ohio Plan Risk Management (OPRM) public entity risk pool. Note 7 to the financial statements provides additional information for this entity.

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 and Investments

The Township's cash is maintained in checking and savings accounts.

D. Fund Accounting

The Township uses fund accounting to segregate cash and investments that are 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.

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.

HOMER TOWNSHIP
MEDINA COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)

1. **Summary of Significant Accounting Policies (Continued)**

2. **Special Revenue Funds (Continued)**

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

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 object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. 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 approve estimated resources.

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 required by Ohio law.

A summary of 2013 and 2012 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.

HOMER TOWNSHIP
MEDINA COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)

1. **Summary of Significant Accounting Policies (Continued)**

F. **Fund Balance (Continued)**

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.

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.

H. **Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**HOMER TOWNSHIP
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

2. Equity in Pooled Deposits and Investments

The Township maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

	2013	2012
Demand deposits	\$192,927	\$200,639
Other time deposits (savings and NOW accounts)	14,038	14,031
Total deposits	206,965	214,670

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by the financial institution's public entity deposit pool.

3. Budgetary Activity

Budgetary activity for the years ended December 31, 2013 and 2012 follows:

2013 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$138,527	\$158,802	\$20,275
Special Revenue	159,865	178,307	18,442
Total	\$298,392	\$337,109	\$38,717

2013 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$190,127	\$177,267	\$12,860
Special Revenue	191,882	167,547	24,335
Total	\$382,009	\$344,814	\$37,195

2012 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$134,632	\$150,883	\$16,251
Special Revenue	161,465	183,979	22,514
Total	\$296,097	\$334,862	\$38,765

**HOMER TOWNSHIP
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

3. Budgetary Activity (Continued)

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$181,191	\$157,479	\$23,712
Special Revenue	203,332	160,295	43,037
Total	\$384,523	\$317,774	\$66,749

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.

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

5. Debt

Debt outstanding at December 31, 2013 was as follows:

	Principal	Interest Rate
General Obligation Notes	\$2,220	4%

The Township issued general obligations notes to finance the purchase of a tractor and mower for Township road maintenance.

Amortization of the above debt, including interest, is scheduled as follows:

	General Obligation Notes
Year ended December 31:	\$2,235
2014	\$2,235

**HOMER TOWNSHIP
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

6. Retirement System

The Township's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2013 and 2012, OPERS members contributed 10 percent of their gross salaries and the Township contributed an amount equaling 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2013.

7. Risk Management

The Township belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Government 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 coverages 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 767 and 774 members as of December 31, 2012 and 2013 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.

HOMER TOWNSHIP
MEDINA COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)

7. Risk Management Continued)

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2012 and 2013.

	<u>2012</u>	<u>2013</u>
Assets	\$13,100,381	\$13,774,304
Liabilities	(6,687,193)	(7,968,395)
Members' Equity	<u>\$6,413,188</u>	<u>\$5,805,909</u>

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

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

Homer Township
Medina County
8964 Spencer Road
P.O. Box 32
Homerville, Ohio 44235

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 Homer Township, Medina County, Ohio, (the Township) as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements and have issued our report thereon dated September 2, 2014, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

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 opinion 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. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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 2013-001 and 2013-002.

Township's Response to Findings

The Township's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Township's responses and, accordingly, we express no opinion on them.

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

September 2, 2014

**HOMER TOWNSHIP
MEDINA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2013 AND 2012**

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

FINDING NUMBER 2013-001

Noncompliance Finding

Finding for Recovery - Repaid Under Audit – Officials’ Salaries:

Ohio Rev. Code § 505.24 and 507.09 indicates township trustee and fiscal officer salaries are based on the annual budget of the township. The Township’s 2012 Certificate of Estimated Resources indicated a budget of \$482,870. Pursuant to Ohio Rev. Code § 505.24 and 507.09 (as adjusted for cost-of-living increases) the annual salary for a fiscal officer and trustees with a budget between \$250,001 and \$500,000 is \$12,733 and \$8,490, respectively. The Township’s fiscal officer and trustees, however, were compensated based on budget of \$500,001 to \$750,000 and were therefore each overpaid as follows:

<u>Township Official</u>	<u>Authorized Salary</u>	<u>Actual Salary</u>	<u>Over-Payment</u>
Nancy Lilly, Fiscal Officer		\$7,780	
Melinda Clifford, Deputy Clerk		6,366	
*Total (Fiscal Officer Position)	\$12,733	\$14,146	\$1,413
Richard Matus, Trustee	8,490	9,003	513
David Owen Trustee	8,490	9,003	513
Bryan Rose, Trustee	8,490	9,003	513
Total	<u>\$38,203</u>	<u>\$41,155</u>	<u>\$2,952</u>

* The fiscal officer position salary is split by the Township between the fiscal officer and deputy clerk.

In accordance with the foregoing facts and pursuant to **Ohio Rev. Code Section 117.28**, a Finding for Recovery for public money illegally expended is hereby issued as follows:

- Nancy Lilly and Melinda Clifford, jointly and severally in the amount of \$1,413;
- Richard Matus in the amount of \$513;
- David Owen in the amount of \$513; and
- Bryan Rose in the amount of \$513.

On July 19, 2014, the Township was reimbursed by Nancy Lilly and Richard Matus for the overpayments to them. On July 28, 2014, David Owen and Bryan Rose reimbursed the Township by a payroll deduction from their current year paychecks.

Officials’ Response: The Township acknowledges the finding and it has been resolved.

FINDING NUMBER 2013-002

Noncompliance Finding

Finding for Recovery - Repaid Under Audit – Healthcare Insurance Reimbursements:

Ohio Rev. Code § 505.60 provides that a board of township trustees may procure and pay all or any part of the cost of insurance policies which provide specific types of hospitalization and related benefits for officers and employees of the township. **Section 505.601** indicates if a board of township trustees does not procure an insurance policy or group health care services as provided in section 505.60 of the Revised Code, the board of township trustees may reimburse any township officer or employee for each out-of-pocket premium amount attributable to the coverage provided for that officer or employee for insurance benefits described in division (A) of section 505.60 of the Revised Code that the officer or employee otherwise obtains, if all 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 section 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 section 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 section 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 section 505.60 of the Revised Code.

Ohio Rev. Code § 505.60(G)(2) indicates “Premium” does not include any deductible or health care cost paid directly by a township officer or employee. **Op. Atty. Gen. No. 2005-038** indicates townships are not authorized to directly pay to the private employer of a township officer or employee, or the private employer of the spouse of a township officer or employee charges for insurance coverage under a health care plan provided by the private employer of the township officer or employee, or the spouse of the township officer or employee.

The following issues were noted with respect to the Township’s reimbursements for health care expenses:

- During 2012 and 2013, the Trustees approved motions (not formal resolutions) to reimburse their one full-time employee up to \$900 per month and each of the trustees, and the fiscal officer and deputy clerk of the township up to \$600 per month for hospitalization premiums and deductibles. Ohio Rev. Code § 505.60 and 505.601 suggest that any such resolution must be in written form.
- During 2013 and 2012, \$14,400 and \$11,067, respectively, of health care costs were reimbursed directly to the private mutual employer of two Trustees, for the provision of insurance for their benefit, contrary to Op. Atty. Gen. No. 2005-038. In addition, the Township initially had no documentation was showing the employer’s actual “premium costs.” This information was subsequently obtained and it was determined the Townships reimbursement to the employer did not exceed their combined premiums.

FINDING NUMBER 2013-002 (Continued)

- Invoices provided by the Deputy Clerk Melinda Clifford, indicate that her health insurance “premium” costs for 2013 and 2012 were \$6,041 and \$4,864, respectively. Ms. Clifford was reimbursed \$7,200 in each of the years 2013 and 2012, which amounts exceed her premium cost by \$1,159 and \$2,336, respectively, (\$3,495 total) contrary to Ohio Rev. Code § 505.60(G)(2).
- Invoices provided by the full-time employee, Matt Lawton, indicate his monthly “premium” costs for 2013 and 2012 were \$202 and \$173, respectively (\$2,424 and \$2,076, annually). Mr. Lawton was reimbursed \$3,712 in 2013, and \$3,748 in 2012, which amounts exceed these premium costs by \$1,288, and \$1,684, respectively, (\$2,960 total) contrary to Ohio Rev. Code § 505.60(G)(2).

Pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Melinda Clifford in the amount of \$3,495, and against Matt Lawton in the amount of \$2,960, and, in favor of Homer Township’s General Fund. On August 25, 2014, the Township was reimbursed by Melinda Clifford and Matt Lawton in the amounts of \$3,495 and \$2,960, respectively.

The Township should adhere to all applicable statutes concerning healthcare insurance reimbursements to its employees and officials.

Officials’ Response: The Township acknowledges the finding and it has been resolved.

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**HOMER TOWNSHIP
MEDINA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2013 AND 2012**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2011-001	Material Weakness – Financial Statement Adjustments: Several transactions were misclassified in the regulatory basis financial statements. Adjustments were made to the accounting records and financial statements to correct these accounting errors.	No	Partially Corrected. A comment of similar nature will be included in the management letter.

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Dave Yost • Auditor of State

HOMER TOWNSHIP

MEDINA 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
SEPTEMBER 18, 2014**