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SPECIAL MEETING

MARCH 1, 2022

Mr. Barto called the meeting to order at 5:01 p.m.

Roll Call: Mr. Barto yes, Mrs. Schlachter yes, Mr. Schuster yes

Pledge of Allegiance

Trustee Barto's announcement.

There will be no public speaking during this meeting. This is a Special Meeting that has been called to order by Trustee Schlachter. There will not be any discussion or 3-minute statements or speakers aloud after the meeting. I just want to make everyone aware of that. I would appreciate no outburst from the audience. At this point I would like to turn the meeting over to Trustee Schlachter who called for this Special Meeting.

Trustee Schlachter

First, I would like to talk about one thing before I start. I sent out an email requesting documentation from the Three Department Heads and I asked two questions:

1. To your knowledge has any past Trustee or Fiscal Officer said it was ok to use any business account for personal use?

2. At any time were you given permission by all three Trustees and/or discussed it in a public meeting to use the Township credit card or any other Township account for personal use?

Within an hour I had a reply from one of the Department Heads which was Chief Kay. His answer was; I have never been told by any past Trustee or former Fiscal Officer that it was ok to use Township business accounts for personal use. I would never even think to ask or even consider doing that. Thank you, Ron, for responding. Trustee Barto ask that response was from Ron. Trustee Schlachter replies yes, he is the only one that I got a response from.

Trustee Schlachter continues on with statement.

Today is a very sad day for our township. As a resident and Trustee, I am disappointed and concerned with documentation I found over the past week. As Trustee Barto stated there will be no public questions and answers during this meeting. Documentation can be requested through a public records request. The documentation was only a very small sample related to 3 accounts.

Trustees make the polices of the township, all three, and all three Trustees and the Fiscal Officer took an oath to protect the Township and the taxpayer funds. Our employees also have a duty to the taxpayers to protect funds, accounts and act in an ethical manner. We are not a private business and all assets are owned by the people. We hold all employees to a higher standard because this is a government agency and everything is subject to audit and most records are subject to public examination. The records are the people's records.

There is nothing in our Township policies that state an employee can use our business accounts, sales tax exemption, credit cards, for personal use or gain. In fact, our polices state they cannot use Township authority for personal gain and credit cards are not to be used for personal purchases under any circumstance. We have business credit accounts and township credit cards – no personal credit cards or cash should be used when associated with ANY Township business account. All records associated with our Township accounts should be housed with the fiscal officer and our privy to a public records request.

I was able to analysis/audit only three of our many accounts over the past week. Amazon, Auto Zone, Battery Wholesale. I called and spoke to Menards. We have many business accounts and vendors we use and also numerous credit accounts as vendors. I was very concerned. Our attorney recommended we send to the Ohio Auditors Office.

Limited Findings To Report

Amazon Business Account – The Township agrees to use the business account for business purchases only because there is a sales tax exemption is attached to the account.

Found personal use, found no sales tax paid on most personal purchases, found township credit card was used, found personal credit cards were used, found township was not reimbursed for personal purchases (only one to two people had access to order on this account).
The account administrator since findings has been changed.

AutoZone - Is a business account that is paid through accounts payable, invoices are turned into the fiscal officer

Found not all receipts associated with this account were being turned into our fiscal officer. Found numerous invoices that were associated with this account were paid by personal credit cards and cash for vehicles not owned by the township, the persons purchasing the items were given a commercial account discount and most show zero sales tax was paid. (Found two, current or past employees/elected officials that used this account for personal use) One invoice was turned over to Officer Hart for further investigation because it looks to be a person not an employee of the township. This account is now compromised.

Battery Wholesale – Is a business account that is paid through accounts payable, invoices turned into the fiscal officer.

Found that not all invoices associated with our township account were turned in. Found personal credit cards or cash were used to purchase through township account and sales tax was not paid (used tax exempt and got a discount). This account is now compromised.

Menards – Is a business account that is paid through accounts payable, invoices turned into the fiscal officer.

Spoke to Menards, anyone who has access to our tax-exempt number and gives them our tax-exempt certificate/number is able to use their own personal credit card or cash for a purchase and won't be charged sales tax. It doesn't have to be just on the township Menards account or if they use township credit card for the tax exempt to be applied. This account is now compromised.

Conclusion – Numerous policy violations (ethics, internet and credit card and policy and procedures).

The limited documentation seems to show pattern of numerous blatant and intentional misuse over years, by an employee, employees, elected official, of business accounts, deceptions, withholding documentation to cover up personal use for personal gain, breach of trust, avoidance of sales tax, personal use of township credit cards, and worse of all personal items paid for by the taxpayers of this township.

At no time does any employee or elected official have permission to use the township credit card or township business accounts, associated with the township, for personal use or personal gain. At no time does any employee or elected official have the right to share our sales tax exemption with anyone or use to acquire items for personal use.

I would like to put some Motions out there for more stricter internal controls or would any of you like to discuss any of this first? (Directed to other Board members)

Trustee Schuster states after reading nine hours of emails I think I understand what you're talking about.

Michelle Nowakowski, Fiscal Officer asks do we have a time line on this? Trustee Schlachter replies date line for this goes back from 2017, 2018, 2019 some in 2020 than a pattern started to come back in 2021.

Trustee Barto ask Michelle, we have periodic audits correct and have auditors come in and audit from the state? Michelle replies yes. Trustee Barto replies ok so they come in and audit and then sign off at that point for those years. They do two years at a time. Is this something that should have been caught at an audit?

Trustee Schlachter states, audits are hard they're only looking at a bulk of information and if there was an approval and signed off for. They're not going into detail and pulling a credit card statement and asking what this is for. They looked at if someone signed off and approved it and they did. The problem is there was trust there and the trust was broken. Things were bought that weren't for the Township and they thought they were. Trustee Barto states we have audits every two years. We just had one last year. So, if we have those audits and the state says ok everything looks good, were ok. So did they look at if sales tax on purchases were paid or not. Trustee Schlachter replies no they do not look at any of that. Here's the thing, the Auto Zone invoices that we found when we actually went into our account the ones, I sent you, we never saw. They never came across our desk. They were put through our account, received the township discount, didn't pay sales tax (used township tax exempt by putting it through township account) but they were paying cash or putting it on a personal credit card of theirs so it wouldn't appear on our statements. One just happened to appear which made me look into our account and is how I found these findings on at least this account. Trustee Barto ask how tax-exempt works. Does it go against our tax id number with the state? Is there a tally or list of all the times our tax exempt was used? Trustee Schlachter states no I don't think they do. It doesn't work like that. That would be too intense. I wish it was that easy. We give the auditor what we have in this instance we didn't have anything they could look at because we didn't have it. It was paid so invoice wasn't generated to us. The auditor will pull samples of different things to look into. It's a very broad audit. Like policies and procedures. Trustee Barto replies well I know that Leo and Shelly handled the audit last year and that it was mentioned that the previous administration had findings/discrepancies and they were never followed up with or corrected by them. This year is the first time the sitting board followed through and addressed what the auditor brought to their attention. Trustee Barto asked is this something that they could have found if they would have followed through with the findings? No not necessarily. Shelly, Fiscal Officer states the auditor picks certain things to go through. It's not a full internal audit. They can't look into everything in a two-year time. The bank recs always balance they look at all of that. Trustee Schlachter states ok for example, you have a township credit card, and there is a purchase, it is a personal purchase, not for township stuff, it was signed off by the department head whose credit card it was on and/or who may have used that card, then the fiscal officer signs off on it and cuts a check for payment taking it out of a

certain department fund, then the trustees sign the check. There's no way an auditor would say if this was a personal purchase.

Trustee Barto states well if you're skating around not paying sales tax on a personal purchase over and over a course of a year that can add up to a lot. Trustee Schlachter states there's instances that it was a township purchase and we paid sales tax on those invoices and we shouldn't have. Trustee Schuster says going back to 2017, 18, 19, 20 findings before any of us three were here they were all approved by department heads, fiscal officer and the three trustees. I know things have come across our desk to approve and sign that I have looked at and questioned like for example flowers, what are these flowers for? Hotel rooms what was this for? I think that stuff that goes way back I trust that the department heads and trustees that were in place. I don't know why we are even looking at those anymore. I didn't see any fraud or wrong doing. I wasn't present during these events three, four years ago. The one that jumps out to me is the sunglasses for \$9.99. Well, sun glasses could be viewed and used for safety glasses.

Trustee Schlachter replies they weren't though Mark if you look at the detail on the Amazon receipt, they were not purchased for safety glasses. They were not purchased for that. You couldn't have looked at all the details on the credit card receipts for Amazon then. Trustee Schuster replies I spent nine hours on looking at details Kellie. The sun glasses could be used as a tool while your cutting grass in the summer so you're not blinded. Trustee Schlachter replies then why aren't we paying them for everybody? Why is it just one person that is buying them and we are supplying them for?

Trustee Schuster replies because every department has different needs. Like police have belts, hand cuff holders and hand cuffs. Fire Fighters need things I'm sure they order. Trustee Schlachter replies yes and they go through Superior Uniforms or certain vendors they use.

Trustee Schuster continues saying like Roads and Park Department they have certain tools that are needed. I saw no problem with anything when reviewing the emails. Like the boot sales and the jean sales. We're providing all the uniforms for the other departments. Trustee Schlachter replies we do not supply uniforms for parks and roads workers absolutely not. It is in the polices they provide and wear their own clothes. Trustee Schuster replies but when they get destroyed on the job aren't we just replacing what they damaged. Trustee Schlachter replies absolutely not Mark. I don't know who you are talking to or who got in your ear.

Trustee Schuster replies I am not talking to anyone this is Mark Schuster talking.

I am just thinking if your filling pot holes and you get your clothes dirty and they're not presentable anymore I think the township should have been replacing those damage goods.

Trustee Schlachter replies that's not what was purchased.

There were several pairs of pants at a cost up to \$75.00 a pair for tactical pants that are not required for the parks and roads job but happen to be used for someone who works for parks and roads department that also is a security officer at the Toledo Clinic and he wears them there.

That's what he wears the tactical pants for Mark, is the job there not at his township job. He doesn't wear the pants here. That's my point.

Trustee Schuster replies I don't keep track of what Bryon wears here as far as pants. Trustee Barto replies so it states in our township policies that we **do not** provide uniforms or attire for the parks and road department, correct? Trustee Schlachter replies absolutely we do not provide them.

Trustee Barto replies well if that's what it says in the policies. Not that we shouldn't consider something for them but we don't have it in place now or in the past. Trustee Schuster states well it was signed off by fiscal officer and three other trustees other than ourselves, I don't know why we are going backwards. Trustee Schlachter states it's a pattern of blatant intentional misuse and using tax payer's funds. It's my tax money. We bought eye cream \$67.00 worth of eye cream. Mark, please wake up.

Trustee Schuster replies I am woke up. Trustee Schlachter replies you're not. Trustee Schuster replies the biggest thing I saw in the emails is that you contacted Shelly and said to pay Leos insurance for January.

Trustee Schlachter replies we are not talking about this in this special meeting right now, it is not on the list. Trustee Schuster replies well you're talking about fraud here and misuse of tax payer's dollars well that was \$650.00 that you authorized without my authorization. Trustee Schlachter replies this meeting is regarding the internal audit. Regarding the insurance we sat in the executive session and talked about the insurance. Trustee Schuster replies yes you wanted it and I didn't. It wasn't approved.

Trustee Schlachter ask Leo and Don; you were in executive session what was talked about. Leo responded Mark you agreed to pay one month, my January insurance until a decision is made how we are moving forward.

Trustee Schuster replies no, no we never came out of the executive session and said we were covering your January insurance. Why would we. Trustee Schlachter replies Leo so what was your feeling of this what was said we were going to do? Leo replies that the township was going to cover my January insurance until they decided what they were doing.

Trustee Schlachter replies did I tell you that? Leo replies no I heard it from Mark. Trustee Schuster replies you sent an email to Shelly to cover it. You were trying to create a position that I wanted nothing to do with. Trustee Schlachter replies but that is not what we're talking about right now in this special meeting.

Trustee Schuster replies well I am. Trustee Schlachter replies this has nothing to do with this special meeting. If you want to talk about it at the next meeting that's fine. Trustee Schuster says well hold on your talking about fraud.

Trustee Schlachter replies it says right here discuss progress of the internal audit and report out to the board. Did you do an internal audit or something or call for this meeting? Trustee Schuster replies no but you asked me to read all this stuff. Trustee Schlachter replies then ok then we have to stick to the agenda, so back to the agenda. Do you have anything else related to this? Trustee Schuster replies no, I see no wrong doing that I am concerned over. Trustee Schlachter replies ok wow. Person in audience asks does all employees get to use the townships tax exempt. Trustee Schlachter replies no.

MOTION: ALL PURCHASES HAVE TO BE APPROVED BY ONE TRUSTEE AND REQUIRE A PO WITH THE ACCOUNT NUMBER TO CHARGE. ALL GAS PURCHASES REQUIRE VEHICLE AND LICENSE PLATE NUMBER WRITTEN ON THE RECEIPT.

Mrs. Schlachter moved; Mr. Barto seconded.

Roll Call: Mrs. Schlachter yes, Mr. Barto yes, Mr. Schuster yes.

MOTION: ALL AMAZON ORDERS NEED A PO AND APPROVED BY ONE TRUSTEE PRIOR TO PURCHASE.

Mrs. Schlachter moved; Mr. Barto seconded.

Roll Call: Mr. Barto yes, Mr. Schuster yes, Mrs. Schlachter yes.

MOTION: ALL ACCOUNT ACTIVITY, NOT JUST INVOICES TURNED IN, WILL BE REVIEWED BY THE FISCAL OFFICER AND TRUSTEES MONTHLY.

Discussion: Trustee Schlachter states for example there is stuff going on behind the scenes that we are not seeing because its not getting turned in. Example: Our vendor, Battery Wholesale, people are going in and purchasing batteries using their cash or their personal credit card and they mention Washington Township for discount or tax exempt.

Mrs. Schlachter moved; Mr. Barto seconded.

Roll Call: Mr. Barto yes, Mr. Schuster no, Mrs. Schlachter yes.

MOTION: AS OF TODAY, MARCH 1, 2022, ZERO TOLERANCE AND IMMEDIATE TERMINATION OF EMPLOYEES FOR INTENTIONAL MISUSE OF TOWNSHIP BUSINESS ACCOUNTS, MISUSE OF TAXPAYER FUNDS, AND PERSONAL USE OF ANY TOWNSHIP ACCOUNT, TOWNSHIP BUILDING, TOWNSHIP EQUIPMENT, OR TOWNSHIP CREDIT CARDS.

Mrs. Schlachter moved; Mr. Barto seconded.

Roll Call: Mrs. Schlachter yes, Mr. Barto yes, Mr. Schuster no.

Trustee Schlachter I would like to talk about the records. There was an issue at Blessing that seemed like they were ransacked. I would like to make a motion.

MOTION: TO HIRE A MOVING SERVICE TO HELP MOVE RECORDS FROM THE BACK STORAGE GARAGE ON BLESSING TO THE OLD FISCAL OFFICERS OFFICE UP FRONT AND REKEY. SPENDING UP TO \$1,000.00 FOR ALL AND PAY OUT OF THE GENERAL FUND.

Discussion: Trustee Schuster replies I will help move it at no cost. Shelly fiscal officer replies I have a concern. We were all moved out of the Blessing Building because of mold and the roof leaking. I don't want records to get reaked if there's leaking. Trustee Barto states I have a concern I don't want anyone else's hands on them. I will help Mark and Shelly move them. I have to work on her with a retention anyway. Trustee Barto states if you want to spend money let's spend money on having someone check building for mold so we know for sure if it's safe to put records in that building and to be able to go in there without worrying about the mold.

Then we can decide what room to put the records in if its ok to go in. Trustee Schlachter says ok we can discuss at next meeting. Discussion regarding where we can move them or store the records. Trustee Schuster states Shelly is an elected official and responsible for the records whatever she wants to do I will support. Trustee Barto replies I can agree with that. Trustee Schlachter states I think we need to change the lock on door for now though and you only have key. Shelly states yes that would be good.

**Mrs. Schlachter moved; no second
Motion died**

MOTION: CHANGE LOCK ON BACK STORAGE ROOM DOOR AT BLESSING WHERE RECORDS ARE KEPT UNTIL WE CAN FIND A NEW LOCATION.

Mrs. Schlachter moved; Mr. Barto seconded.

Roll Call: Mrs. Schlachter yes, Mr. Schuster yes, Mr. Barto yes.

Shelly Fiscal Officer would like to go through Ohio History Connection to make sure what records can be destroyed/shredded properly. Some stuff has to be recorded. I want to do everything in the proper format. I was shocked how the records were kept when I started. When we moved stuff back there it wasn't bad but when I went back to pull public records request the records for police that were moved in there when we were moving out of blessing were moved upstairs in back building but the administration records were never moved and were a mess. Boxes tipped upside down and thrown all over. It wasn't like that when we left that night when we moved stuff in. There's a lot of work ahead of me with the records.

MOTION: ENTER INTO EXECUTIVE SESSION AT 5:30 P.M. PURSUANT TO 121.22(G)(1) OF THE OHIO REVISED CODE TO CONSIDER THE APPOINTMENT, EMPLOYEMENT, DISMISSAL, DISCIPLINE, PROMOTION, DEMOTION, OR COMPENSATION OF A PUBLIC EMPLOYEE OR OFFICIAL OR THE INVESTIGATION OF CHARGES OR COMPLAINTS AGAINST A PUBLIC EMPLOYEE

Mrs. Schlachter moved; Mr. Barto seconded.

Roll Call: Mr. Barto yes, Mrs. Schlachter yes, Mr. Schuster yes.

Mr. Schuster came out of Executive Session at 6:05 p.m.

MOTION: BACK FROM EXECUTIVE SESSION AT 6:19 p.m.

Mrs. Schlachter moved; Mr. Barto seconded.

Roll Call: Mr. Schuster yes, Mrs. Schlachter yes, Mr. Barto yes.

MOTION: TO PUT BRYON MCINTOSH ON PAID ADMINISTRATIVE LEAVE PENDING FURTHER ACTION BY THIS BOARD AND DURING INVESTIGATION.

Mrs. Schlachter moved; Mr. Barto seconded.

Roll Call: Mr. Barto yes, Mrs. Schlachter yes, Mr. Schuster no.

MOTION: SELF REPORT AND TURN INFORMATION OVER TO THE OHIO AUDITOR OF STATE AND BCI.

Mrs. Schlachter moved; Mr. Barto seconded.

Roll Call: Mr. Barto yes, Mr. Schuster no, Mrs. Schlachter yes.

Shelly Fiscal Officer asked are you going to send an email or the motion or minutes? Who will be submitting it to the Auditor of State? Trustee Schlachter replied I will get with the prosecutor and he will let us know how it needs to be wrote up and how we officially need to do that. This was his recommendation.

Meeting adjourned at 6:25 p.m.

Mrs. Schlachter moved; Mr. Barto seconded.

Roll Call: Mr. Schuster yes, Mrs. Schlachter yes, Mr. Barto yes.

Approved by:



Don Barto



Kellie Schlachter



Mark Schuster



Kimberly Kay