



FAITHFUL PERFORMANCE APPLICATION

Township: _____ County: _____

Mailing address: _____

Phone: _____ Email: _____

Has a formal resolution been passed authorizing the use of an employee dishonesty and faithful performance of duty policy as required by ORC 3.061?

____ YES
 ____ NO

Date it was passed: _____
 Date scheduled to be passed: _____

Date of last Audit: _____

Did the Auditor make any Internal Control Recommendations? ____ No ____ Yes

Were there any: Finding for Recovery? ____ No ____ Yes Material Weakness? ____ No ____ Yes
 Material Non-Compliance? ____ No ____ Yes Reportable Conditions? ____ No ____ Yes

Any prior bond or faithful performance of duty losses in the past 5 years? ____ No ____ Yes

If yes, please explain: _____

Annual budget range (please circle one):

Required Limit

| | |
|----------------------------|-----------|
| Less than \$50,000 | \$10,000 |
| \$50,000 - \$100,000 | \$35,000 |
| \$100,000 - \$250,000 | \$60,000 |
| \$250,000 - \$500,000 | \$85,000 |
| \$500,000 - \$750,000 | \$110,000 |
| \$750,000 - \$1,500,000 | \$135,000 |
| \$1,500,000 - \$3,500,000 | \$160,000 |
| \$3,500,000 - \$6,000,000 | \$195,000 |
| \$6,000,000 - \$10,000,000 | \$220,000 |
| More than \$10,000,000 | \$250,000 |

FAITHFUL PERFORMANCE APPLICATION Continued

OF ELECTED OFFICIALS REQUIRED TO BE BONDED:

1 Fiscal Officer Name: _____
(Term 4/1/2020 – 4/1/2024)

3 Trustees Name: _____
(Term 1/1/2020 – 1/1/2024)

Name: _____
(Term 1/1/2018 – 1/1/2022)

Name: _____
(Term 1/1/2018 – 1/1/2022)

____ Assistant Fiscal Officer(s) Name: _____

____ Zoning Inspector(s)
(including assistants) Name: _____

____ Road Superintendent(s)
(including assistants) Name: _____

____ Constable(s) Name: _____

The undersigned applicant hereby certifies that the answers given are the truth without reservation.

Name of Applicant (Print)

Title

Signature

Date



OHIO TOWNSHIP ASSOCIATION RISK MANAGEMENT AUTHORITY

Service Center 315 S. Kalamazoo Mall Kalamazoo, MI 49007
Telephone: 1-888-748-7966 x3136 Fax: 1-269-276-4095

September 2019

TO: OTARMA Member

FROM: Wendy French

RE: Bonds/Faithful Performance Coverage

Election time is rapidly approaching and once again we are pleased to provide your township with the required coverage for your new or re-elected Trustee & Fiscal Officer who start their new terms in 2020.

We are excited to be able to offer a new coverage option, provided under the OTARMA Governmental Property Agreement. This coverage would be in place of a traditional surety bond for those public officials that are *required to be bonded under Ohio law*.

If you choose this option, the township must elect, by resolution, to use OTARMA's coverage document for all their required bonded public officials as an "employee dishonesty and faithful performance of duty policy," in lieu of surety bonds. (The sample resolution enclosed must be passed by you before coverage will be in effect.)

Benefits include:

- No premium due at this time (nominal charge at renewal)
- Simple application (no personal data requested)
- Included as part of the township's annual OTARMA coverage document
- No tracking of individual bonds

Please complete and return the enclosed application as soon as possible so coverage can be in place prior to 1/1/2020. Application can be submitted:

- By mail in the envelope provided to 315 S. Kalamazoo Mall, Kalamazoo, MI 49007
- By fax to 1-269-276-4095
- By email to wfrench@bfgroup.com

You also have the option to continue to purchase the Fiscal Officer bond (through Travelers, effective 4/1/2020) and the free trustee bond (through OTARMA, effective 1/1/2020). Applications for these can be found at otarma.org. If you have any questions, please contact me at 1-888-748-7966, ext. 3136.

Resolution

WHEREAS, _____ Township, _____ County is a member of the Ohio Township Association Risk Management Authority (OTARMA), a political subdivision risk pool established pursuant to Ohio Revised Code hereinafter "ORC," 2744.081;

WHEREAS, House Bill 291 was signed into law on December 20, 2018 and became effective March 20, 2019; authorizes the use of an, "employee dishonesty and faithful performance of duty policy," instead of individual surety bonds, for trustees, employees, and appointees who are otherwise required by law to acquire a bond before entering upon the discharge of duties; and

WHEREAS, in accordance with ORC 3.061, the township must adopt a policy by resolution to allow the use of an "employee dishonesty and faithful performance of duty" coverage document, rather than a surety bond, to cover loss by fraudulent or dishonest actions of employees and failure of employees to faithfully perform duties; the following shall apply to the policy:

1. An officer, employee, or appointee shall be considered qualified to hold the office or employment, without acquiring a bond, on the date the oath of office is taken, certified, and filed as required by law.
2. An officer, employee, or appointee shall have the employee dishonesty and faithful performance of duty policy in effect before the individual's term of office or employment and the officer, employee or appointee shall not commence the discharge of duties until coverage is documented.
3. All officers, employees, or appointees who would otherwise be required to file a bond before commencing the discharge of duties shall be covered by and are subject to the employee dishonesty and faithful performance of duty policy instead of a surety bond requirement.
4. The coverage amount for an officer, employee, or appointee under an employee dishonesty and faithful performance of duty policy shall be equal to or greater than the maximum amount of the bond otherwise required by law.
5. Elected officials, prior to taking the oath of office and holding office, shall obtain approval of the intent to use the township's OTARMA coverage agreement and affirm that the township's coverage complies with ORC 3.061. Said approval shall be obtained by the _____ Township, _____ County.

WHEREAS, _____ Township, _____ County's, "employee dishonesty and faithful performance of duty policy" through the OTARMA coverage document complies with ORC 3.061: and

NOW, THEREFORE, BE IT RESOLVED, that on this date _____, the _____ Township, _____ County hereby authorizes the township to purchase and use "employee dishonesty and faithful performance of duty policy" through OTARMA instead of individual surety bonds for officers, employees, and appointees who are otherwise required by law to acquire a bond before entering upon the discharge of duties.

ELIGIBILITY:

1. Can a township purchase Faithful Performance of Duty Coverage?

Yes, under Ohio law, ORC Sec. 3.061, townships are permitted to elect the purchase of OTARMA's Faithful Performance of Duty Coverage ("FPD Coverage") or surety bonds ("bonds"). However, FDP Coverage must be adopted and in place prior to public officials taking office.

2. What township positions are eligible for FPD Coverage?

A township can obtain FPD Coverage in lieu of surety bonds for all elected officials or employees that are required to be bonded, as they become eligible. However, until there is further clarification on the issue through the legislature, it is recommended that all employees at this time purchase or continue coverage under a bond.

3. What is the benefit of FPD Coverage over traditional bonds?

Ohio law specifies that a public official is liable for all public money the official or the official's subordinate receives or collects. An officeholder will be personally liable under a bond because the surety company seeks reimbursement from the officeholder after paying the political subdivision. The OTARMA FPD application does not request personal financial information and the exposure of personal assets is reduced.

4. If I currently have a bond, can I cancel it and obtain FPD Coverage?

If you have a current bond in effect and you are not newly elected or re-elected as of November 5, 2019, your current bond should remain in effect. Once your term expires, you are eligible for FPD Coverage through OTARMA.

PROCESS:

1. When should I fill out the FPD Coverage application?

As soon as possible to ensure there are no gaps in coverage and to allow underwriting enough time to review your application. Coverage needs to be in place prior to January 1, 2020 for trustees.

2. Can I use the resolution provided or do I need to create a new one?

The township can either use the template or draft its own resolution. As always, your township's legal counsel should be consulted.

3. What is the coverage limit the township will have?

The maximum coverage limit is \$250,000. The limit for FPD Coverage must be equal to or exceed the maximum amount of the bond otherwise required by law. Typically, the limit will be the highest public official's required bond amount.

4. What will I provide to the county treasurer's office as proof of coverage?

Proof of coverage is not required to be given if electing FPD Coverage, however, documentation of FPD Coverage will be provided through an OTARMA FPD Coverage Endorsement.

5. When will the coverage go into effect for the officials elected in November 2019?

Coverage will go in to effect on January 1, 2020 as long as the township has passed the resolution electing to use OTARMA's FPD Coverage and secures the FPD Coverage Endorsement.

6. How and when will the township be charged for the FPD Coverage?

The contribution for FPD Coverage will be charged at the time of your regular OTARMA renewal policy.