



**Auditor of State
Betty Montgomery**



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**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES**

Holgate Local School District
Henry County
103 Frazier Avenue
Holgate, Ohio 43527-9774

To the Board of Education:

We have performed the procedures enumerated below, which were agreed to by the Holgate Local School District Board of Education (the Board), solely to assist the Board to determine if expenditures charged back to the grant funds were within the approved budgets and allowable, salaries and severance payout were within the amounts authorized by the Board and leave usage by the Treasurer and Assistant Treasurer is within Board policy during the period of July 1, 2002 through April 15, 2005. This agreed upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Board. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures performed and the related findings are included in the attached exhibit.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on management's assertion. Accordingly, we do not express such opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Holgate Local School District Board of Education and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in cursive script that reads "Betty Montgomery".

Betty Montgomery
Auditor of State

May 25, 2005

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EXHIBIT

PROCEDURES PERFORMED

Procedure 1

We compared payroll payments charged to all the federal grants to the individual's Board approved contract or supplemental contract.

Procedure 2

We reviewed all expenditures charged back to all federal grants to determine if they were of the type allowable by the grant agreement and were supported by adequate documentation.

Procedure 3

We recalculated the amount of the severance payment due to the Title I Coordinator pursuant to Board policy and if charged to the General fund.

Procedure 4

We compared the leave taken by the Treasurer and Assistant Treasurer as reported in the payroll system to leave record support documentation and verified that leave accrual and usage is in accordance with Board policy.

OVER VIEW OF PROCEDURES PERFORMED

The procedures were performed for all expenditures charged to the grants, leave usage by the Treasurer and Assistant Treasurer and severance payout calculation for the Title I Coordinator during the period July 1, 2002 through April 15, 2005:

RESULTS OF PROCEDURES PERFORMED

Procedure 1

The following exceptions were noted in testing payroll expenditures charged to the grants.

1. The District paid \$20.00 per hour for after school intervention or after school study table. Payment for time worked was based on a list of individuals that was submitted to the Treasurer by the Principal indicating the hours worked by that individual. The following payments were made to individual teachers without any Board approvals authorizing these supplemental payments:

**EXHIBIT
(Continued)**

<u>Employee</u>	<u>Position</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>Total</u>
Cathryne Glanz	Science	\$ 290.00	\$ 50.00		\$ 340.00
Patricia Schaffer	English		\$ 105.00		\$ 105.00
Dennis Zachrich	English	\$ 40.00			\$ 40.00
Kim Baker	Art	\$ 120.00			\$ 120.00
Linda Torres	Spanish	\$ 250.00			\$ 250.00
Nathan Docktor	Principal	\$ 360.00			\$ 360.00
Diane Meyer	Fifth Grade	\$ 120.00			\$ 120.00
Douglas Beck	Middle School	\$ 50.00			\$ 50.00
James Niese	Middle School	\$ 70.00			\$ 70.00
Karen Brubaker	Fourth Grade	\$ 380.00			\$ 380.00
Linda Nartker	Third Grade	\$ 60.00			\$ 60.00
Pamela Schwiebert	Fourth Grade	\$ 360.00			\$ 360.00
Mary Kohl	Home Economics			\$ 400.00	\$ 400.00
<i>Total</i>		<u>\$ 2,100.00</u>	<u>\$ 155.00</u>	<u>\$ 400.00</u>	<u>\$ 2,655.00</u>

Recommendation: The Board should review these payments and determine if they were for supplemental work performed. If the payments are determined as allowable supplemental payments then the Board should enact by resolution to that fact. If any of these payments are not considered as allowable supplemental payments the Board should seek restitution from those individuals.

2. The following individuals were paid without evidence of a Board approved supplemental contracts:

<u>Employee</u>	<u>Position</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>Total</u>
Amy Dietrich	Treasurer	\$ 150.00	\$ 150.00	\$ 1,194.25	\$ 1,494.25
Jessica Pfau	Assistant Treasurer			1,194.25	1,194.25
Darlene Snyder	Grant Coordinator	550.00	548.00		1,098.00
<i>Total</i>		<u>\$ 700.00</u>	<u>\$ 698.00</u>	<u>\$ 2,388.50</u>	<u>\$ 3,786.50</u>

Recommendation: The Board needs to determine if additional time was spent to support these payments in excess of their normal job responsibilities. If the payments were not in excess of normal job responsibilities the Board should seek restitution from those individuals.

Procedure 2

The following exceptions were noted in testing expenditures charged to the grants.

1. Wages and related payroll costs were posted to the following grants for time charged back as supplemental payments to the Treasurer and Assistant Treasurer without any approved supplemental contracts or documentation supporting these charges. Also, included are payments to substitute teachers who were filling in for teachers who normally do not charge back to these grants:

**EXHIBIT
(Continued)**

Grant	FY 2003	FY 2004	FY 2005	Total
Title I (Fund 572)	\$ 172.18	\$ 171.00	\$ 1,212.22	\$ 1,555.40
Title V (Fund 573)	140.00		108.67	248.67
Title II-A (Fund 590)	90.00		750.42	840.42
Title VI-B (Fund 599)	35.00		577.24	612.24
Title II-D (Fund 599)		350.00		350.00
Title IV (Fund 584)			187.91	187.91
<i>Total</i>	<u>\$ 437.18</u>	<u>\$ 521.00</u>	<u>\$ 2,836.46</u>	<u>\$ 3,794.64</u>

These expenditures could result in supplanting issues in that federal grant monies were used to pay for work performed that should have been paid from the General Fund.

Recommendation: We recommend that the Board review these payroll costs and determine that the costs charged to the grants are either: 1) supported by actual time spent on the grant; and 2) allowable under the grant guidelines. If the Board makes the determination that the expenditures cannot be supported by actual time spent on the grant or allowable to the grant the District's General Fund should reimburse these grants.

2. The following are questionable non-payroll expenditures charged to the following grants:

Grant		FY 2004	FY 2005	Total
Title II-A (Fund 590)	(a)		\$ 450.00	\$ 450.00
Title VI-B (Fund 599)	(b)	\$ 6,733.43	3,495.89	10,229.32
Title IV (Fund 584)	(c)	831.00	870.28	1,701.28
<i>Total</i>		<u>\$ 7,564.43</u>	<u>\$ 4,816.17</u>	<u>\$ 12,380.60</u>

- (a) These payments were for District staff to attend Local Professional Development Committee meetings.
- (b) These payments were for the Ohio Reads teacher's salary. Ohio Reads is a state grant and the Title VI-B grant award notification indicates that the grant may be used for activities authorized under the Title I, Title II, Title IV, or Title V grants.
- (c) These payments consisted of: \$1,394.78 for employee Bureau of Criminal Investigation background checks, tuberculosis and drug and alcohol screenings; \$191.00 in bus driving training; \$25.50 for radio repeater repair; \$50.00 for a 2-way radio battery; and \$40.00 for bus repairs.

Recommendation: These amounts could be considered as potential questioned costs we recommend that the Board obtain direction from the Ohio Department of Education (ODE) to determine if they are considered allowable to the grant. For those costs not allowable the District's General Fund should reimburse those grant funds.

Procedure 3

No exceptions were noted in the recalculation and payment of the Title I Coordinator's severance payment.

**EXHIBIT
(Continued)**

Procedure 4

1. Treasurer's leave accruals agreed to Board policy and to the Treasurer's contract. We were able to recalculate the leave balances through the end of March 2005. The following exceptions were noted in the testing of leave usage:
 - One-half day of sick leave was approved for July 3, 2003; however, one-half day of personal leave was posted as leave taken.
 - Professional leave taken during the period of October 18, 2003 through April 1, 2005, consisting of twelve and one-half days did not have approved leave forms.
 - One-half day of sick leave taken on December 17, 2003 did not have a corresponding approved leave form.
 - One day of sick leave was taken on February 11, 2005; however, the leave did not indicate the amount of leave allowed.
 - Starting in August 2004 the leave forms on file were no longer approved by the Superintendent or Board President.

2. Assistant Treasurer's leave accruals agreed to Board policy. We were able to recalculate the leave balances through the end of March 2005. We noted the following exceptions in testing leave usage:
 - Professional leave taken during the period October 18, 2003 through April 1, 2005, consisting of seven and one-half days did not have approved leave forms.
 - June 24, 2004, three-fourths of a day was taken as jury duty; however, the only support for this was the notice to report for jury duty.
 - Starting in October, 2004 only the Treasurer approved leave forms. Prior to this date the Superintendent approved the leave forms in conjunction with the Treasurer.
 - Compensatory time was accrued during the period amounting to 15.15 hours. No compensatory time policy was provided and the records maintained were manual and not reviewed by management.

RECOMMENDATION

We recommend that the Board should review the leave procedures currently in place and how they are being administered. Items to consider:

- Establish what level of management is responsible for approving the Treasurer's and Assistant Treasurer leave (i.e. professional, sick, vacation, personal).
- Establishment of a compensatory time policy.
- The Assistant Treasurer should obtain from the Clerk of Courts documentation that she served jury duty on June 24, 2004.



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**HOLGATE LOCAL SCHOOL DISTRICT
HENRY 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 5, 2005**