



STATE OF OHIO  
OFFICE OF THE AUDITOR  

---

JIM PETRO, AUDITOR OF STATE



**VILLAGE OF JEFFERSON**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE(S)</b>
Schedule of Elected Officials and Administrative Personnel as of July 31, 1999	1
Report of Independent Accountants	3-4
Supplement to the Special Audit Report	
Background Information	5
Applicable Authority	6
Issue No. 1 - Revenue of the Village's Community Activity Center	7-17
Issue No. 2 - Payments to Community Activity Center Program Instructors	18-21
Issue No. 3 - Utilities Department Cash Collection Procedures	22-24

**This Page Left Blank Intentionally**

**VILLAGE OF JEFFERSON**

**SCHEDULE OF ELECTED OFFICIALS AND ADMINISTRATIVE PERSONNEL  
AS OF JULY 31, 1999**

<b>NAME</b>	<b>TITLE</b>	<b>BOND</b>
William A. McCune	Mayor	(A)
Patricia A. Fisher	Clerk-Treasurer	(B)
Bruce Thompson	Council President	
Terry Finger	Council Member	
Edwin Ward	Council Member	
Arthur Aho	Council Member	
Wilma Herndon	Council Member	
Mary E. Stasny	Council Member	
Dan Weir	Village Administrator	(C)
Michelle Ashley	Administrative Assistant	
Marc Glotzbecker	Director of Community Center	

(A) Bonded in the amount of \$1,000 by the Ohio Farmers Insurance Co.

(B) Bonded in the amount of \$3,500 by the Ohio Farmers Insurance Co.

(C) Bonded in the amount of \$1,000 by the Western Surety Company

**This Page Left Blank Intentionally**



STATE OF OHIO  
OFFICE OF THE AUDITOR  

---

JIM PETRO, AUDITOR OF STATE

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-466-4490

## REPORT OF INDEPENDENT ACCOUNTANTS

The Honorable Laurence Bragga, Mayor  
The Honorable Bruce Thompson, Council President  
Village of Jefferson  
27 E. Jefferson Street  
Jefferson, Ohio 44047

Pursuant to our letter of arrangement dated October 13, 1999, we have conducted a Special Audit and performed the procedures summarized below, and detailed in our "Supplement to the Special Audit Report", which were agreed to by you, for the period January 1, 1998, through July 31, 1999 (the Period). These procedures were performed solely to determine whether all revenue of the Village of Jefferson's Recreation Department was properly receipted, deposited and posted to the ledger; to determine whether instructors for all Community Activity Center programs were paid according to the terms of their agreements; and to review the cash collection procedures in the Village's Utilities Department. This engagement to apply agreed-upon procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the specified users of this report. Consequently we make no representations regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested, or for any other purpose. The procedures we performed are summarized as follows:

1. We compared all recorded receipts of the Village's Community Activity Center to the Village Clerk-Treasurer's pay-ins to determine whether the Community Activity Center remitted its receipts to the Village Clerk-Treasurer for deposit. We also reviewed Community Activity Center receipts, the Village Clerk-Treasurer pay-ins, and the calendars maintained by the Community Activity Center's Director to determine the number and types of events/programs which were scheduled during the Period and whether the fees established by Ordinance were collected and recorded for those events/programs.
2. We reviewed payments to instructors for all Community Activity Center programs to determine whether they were paid according to the terms of their agreements.
3. We reviewed the procedures followed by Village personnel when collecting, posting, and depositing utility payments and made recommendations for improvement.

4. On July 31, 2000, we held an exit conference with the following officials and administrative personnel:

Laurence Bragga	Mayor
Bruce Aaron Thompson	Council President
Mary E. Stasny	Council Member
Wilma E Herndon	Council Member
Edwin J. Ward	Council Member
Judy Maloney	Council Member
Terry Finger	Council Member
Patricia Fisher	Clerk/Treasurer
Rob Pauley	Village Administrator
Jerome Lemire	Village Solicitor
Dan Weir	Former Administrator
William McCune	Former Mayor
Lt. J. Bernardo	Ashtabula County Sheriff Office

The attendees were given an opportunity to respond to this Special Audit. The Village requested, and we granted, an extension to respond until August 14<sup>th</sup>. On August 14<sup>th</sup>, we received a written response from the Village Solicitor on behalf of the Village Council and the Clerk/Treasurer. This response was reviewed and changes were made where we deemed necessary.

Our detailed procedures and the results of applying these procedures are contained in the attached "Supplement to the Special Audit Report". Because these procedures do not constitute an examination conducted in accordance with generally accepted auditing standards, we do not express an opinion or limited assurance on any of the accounts or items referred to above. Also, we express no opinion on the Village's internal control system over financial reporting or any part thereof. Had we performed additional procedures, or had we conducted an examination of the financial statements in accordance with generally accepted auditing standards, other matters might have come to our attention that would have been reported to you. This report relates only to transactions relating to the above procedures, and does not extend to any financial statements of the Village, taken as a whole.

This report is intended for the use of the specified users listed above 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. Reports by the Auditor of State are a matter of public record and use by other components of state government or local government officials is not limited.



JIM PETRO  
Auditor of State

June 30, 2000

## SUPPLEMENT TO THE SPECIAL AUDIT REPORT

### BACKGROUND INFORMATION

On July 15, 1996, the Village passed Resolution No. 2138 which authorized the purchase of Thorne's Bi-Lo Supermarket for the purpose of establishing a Community Activity Center. Since the location of that building was adjacent to the Town Hall, Village Council believed it would be an excellent location for a community center and the building would be suitable for other Village purposes. On July 15, 1996, the Village also passed Resolution No. 2139 which authorized the issuance of bond anticipation notes, not to exceed \$700,000 for the purpose of purchasing the Community Activity Center together with necessary equipment.

On July 15, 1996, the Village passed Ordinance No. 2134 which repealed Codified Ordinance Chapter 270.01 through 270.05 for the purpose of eliminating the Villages Recreation Board. Also on this date, the Village Council passed Ordinance 2135 which established Codified Ordinance Chapter 243.01(a) establishing the position of the Director of the Community Activity Center, along with duties and accountability. Codified Ordinance Section 243.01(b) states "the Director shall be responsible for the supervision of youth and senior citizen activities at the Community Activity Center, as well as at other sites that may become available. The Director shall plan such programs and activities as may make the Community Activity Center self supporting." Codified Ordinance Section 243.01 (c) states " the Director shall operate the Community Activity Center under the direct control of council or its designee. On June 17, 1996, the Village Council authorized the hiring of Marc Glotzbecker as the Director of the Community Activity Center.

In July of 1999, Pat Fisher, the Village's Clerk-Treasurer, performed a reconciliation of the Community Activity Center's receipts to the pay-ins which were submitted to the Village treasury by the Community Activity Center and determined the pay-ins were approximately \$14,000 less than the recorded receipts. Ms. Fisher contacted our Office with her concerns.

On August 3, 1999 representatives from the Auditor of State met with Ms. Fisher and Village Administrator Dan Weir to discuss her concerns. Those concerns were forwarded to the Auditor of State's Special Audit Committee which voted to initiate a Special Audit of the Village's Community Activity Center on August 18, 1999.

During our pre-engagement meeting held with Village officials, we were requested by the officials to review the cash collection procedures of the Village's Utilities Department along with our review of the Community Activity Center.

The Village's Community Activity Center provided the following instructional and recreational programs and activities to residents and non-residents of the Village: baton, gymnastics, karate, aerobics, kick fit, dance, line dancing, ceramics, tennis, golf, youth basketball, men's basketball, soccer, tee ball, flag football, tackle football, summer programs, arts and crafts, after school, safety town, track and field, and a 5K road race.

Marc Glotzbecker resigned from his position as Director of the Community Activity Center on October 18, 1999, effective November 1, 1999.

## SUPPLEMENT TO THE SPECIAL AUDIT REPORT

<b>APPLICABLE AUTHORITY</b>
-----------------------------

### Ohio Revised Code

1. Ohio Rev. Code Section 9.38 states public money must be deposited with the treasurer of the public office or to a designated depository within 24 hours of collection. Public money collected for other public offices must be deposited by the first business day of the week following the date of collection.
2. Ohio. Rev Code Section 9.39 states all public officials are liable for all public money received or collected by them or by their subordinates under color of office.
3. Ohio Rev. Code Section 117.01(C) states public money means any money received, collected by, or due a public official under color of office, as well as any money collected by any individual on behalf of a public office or as a purported representative or agent of the public office.

### Codified Ordinances

1. Village of Jefferson, Codified Ordinance Section 243.019(b) states the Director shall be responsible for the supervision of youth and senior citizen activities at the community activity center, as well as at other sites that may become available. It further states the Director shall plan such programs and activities as may make the community activity center self supporting.
2. Village of Jefferson, Codified Ordinance Section 243.019(c) states the Director shall operate the community activity center under the direct control of council or its designee.

### Village Policies

1. A motion passed by Village Council on January 20, 1998, and amended on January 12, 1999 approved the fees to be charged for programs and activities sponsored by the Jefferson Community Center for both residents and non-residents of the village.
2. A motion passed by Village Council on February 2, 1998, authorized the Jefferson Community Center to charge all individuals and/or organizations a rental fee for the renting of a room at the Community Center. It also requires renting parties to sign a rental agreement.

## SUPPLEMENT TO THE SPECIAL AUDIT REPORT

### ISSUE NO. 1 - REVENUE OF THE VILLAGE'S COMMUNITY ACTIVITY CENTER

We compared all recorded receipts of the Village's Community Activity Center to the Village Clerk-Treasurer's pay-ins to determine whether the Community Activity Center remitted its receipts to the Village Clerk-Treasurer for deposit. We also reviewed Community Activity Center receipts, the Village Clerk-Treasurer pay-ins, and the calendars maintained by the Community Activity Center's Director to determine the number and types of events/programs which were scheduled during the Period and whether the fees established by Ordinance were collected and recorded for those events/programs.

#### PROCEDURES

1. We interviewed Community Activity Center employees and former Director to determine who was responsible for receipting, maintaining, and preparing deposits to be submitted to the Village Clerk-Treasurer.
2. We identified and scheduled all recorded receipts of the Village's Community Activity Center by day for the Period.
3. We identified and scheduled all pay-ins issued by the Village Clerk-Treasurer to the Community Activity Center by day for the Period.
4. We compared the recorded receipts of the Community Activity Center to the pay-ins issued by the Village Clerk-Treasurer to the Community Activity Center to determine whether all recorded receipts were paid into the Village treasury by the Community Activity Center.
5. We reviewed the Community Activity Center calendars of events maintained by the Director Marc Glotzbecker during the Period and identified the events which were scheduled at the Community Activity Center.
6. We reviewed the Village's motions outlining rental requirements and fee schedules and determined whether the Community Activity Center collected proper fees for the events which were held there during the Period.

## SUPPLEMENT TO THE SPECIAL AUDIT REPORT

### RESULTS

1. The following information was provided during our interviews with Community Activity Center employees and the former Director:
  - A. According to Barb Heath, Community Activity Center Program Supervisor, all revenue which she collected over the counter was recorded in receipt books and placed in a money bag in her desk drawer. At the end of each day, the money bag was placed in the desk drawer of Mr. Glotzbecker and his office door was locked. Mr. Glotzbecker opened the Community Activity Center each morning and prepared the pay-in. Mr. Glotzbecker never indicated to Ms. Heath that the receipts and collections were out of balance or that money was missing. On several occasions Ms. Heath asked him "Did we balance?" and his response was always "It's okay." Mrs. Heath issued 3,034 receipts of the 7,330 receipts which were issued during the Period, which amounted to 41.4% of all receipts issued during the Period and 41.6% of all revenue collected.
  - B. According to Chris Litwiler, Community Activity Center Senior Coordinator, all revenue which she collected over the counter was recorded in receipt books and placed in a money bag in Ms. Heath's desk drawer. Ms. Litwiler rarely worked nights, but when she did, she placed the money bag in the desk drawer of Mr. Glotzbecker and his office door was locked. Mr. Glotzbecker never indicated to her that the receipts and collections were out of balance or that money was missing. Mrs. Litwiler issued 630 receipts of the 7,330 receipts which were issued during the Period, which amounted to 8.6% of all receipts issued during the Period and 7.3% of all revenue collected.
  - C. According to Joanna Dunford, Community Activity Center Aerobics Instructor and night desk helper who closed the Center on most nights, all revenue which she collected over the counter was recorded in receipt books and placed in a money bag in Ms. Heath's desk drawer. At the end of each day the money bag was placed in the desk drawer of Mr. Glotzbecker and his office door was locked. On several occasions, when Mr. Glotzbecker's door was already locked, Ms. Dunford placed the revenue in an envelope and slid the envelope under Mr. Glotzbecker's door. Mr. Glotzbecker never indicated to her that the receipts and collections were out of balance or that money was missing. Mrs. Dunford issued 762 receipts of the 7,330 receipts which were issued during the Period, which amounted to 10.4% of all receipts issued during the Period and 9.6% of all revenue collected.

## SUPPLEMENT TO THE SPECIAL AUDIT REPORT

- D. According to Mr. Glotzbecker, former Community Activity Center Director, the ladies at the front desk collected the monies at the Center, issued receipts, placed the money in an envelope, and at the end of the day, placed the envelope in the top front drawer of his desk. The next day he prepared the deposit slip which reflected receipt numbers, program numbers, and amounts. He stated he counted and listed the checks first and then separated the cash by denomination and counted it. He stated he never reconciled the deposit to the receipts because when he started he was told by the Village Clerk-Treasurer, Pat Fisher, that receipt numbers were not important. According to Ms. Fisher, she never told Mr. Glotzbecker receipt numbers were not important. Mr. Glotzbecker further stated he did not have time to perform reconciliations and that he did the best he could do. When asked why the receipt numbers and receipt amounts which he recorded on the deposit slips differed in many instances from the actual receipt numbers and amounts, Mr. Glotzbecker stated he just wrote numbers down for his reference and again stated he was told by the Village Clerk-Treasurer that receipt numbers were not important. Mr. Glotzbecker issued 1,118 receipts of the 7,330 receipts which were issued during the Period, which amounted to 15.3% of all receipts issued during the Period and 21.3% of all revenue collected.
2. When comparing the recorded receipts of the Community Activity Center to the deposit slips prepared by Mr. Glotzbecker and submitted to the Village Clerk-Treasurer we noted the following irregularities:
- A. \$44,121 of cash collected and receipted by the Community Activity Center during the Period was not paid into the Village treasury. As conveyed to us by Community Activity Center employees and the former Director, it was the responsibility of Mr. Glotzbecker to prepare the collections for deposit and submit them to the Village Clerk-Treasurer. As a result, we are issuing a Finding for Recovery against Mr. Glotzbecker in the amount of \$44,121.
- B. Of the 7,330 receipts issued by the Community Activity Center, 2,978 were not accounted for on the deposit slips submitted to the Village Clerk-Treasurer.
- C. Deposit slips prepared by Mr. Glotzbecker reflected receipt information (i.e., amount, activity/program, date, payee) which differed from the information on the actual receipt.
- D. Deposit slips prepared by Mr. Glotzbecker included duplicate references of the same receipt numbers.
- E. Deposit slips prepared by Mr. Glotzbecker included receipt numbers of receipts which were not issued by the Community Activity Center.

## SUPPLEMENT TO THE SPECIAL AUDIT REPORT

- F. Receipt books of the Community Activity Center were not used in a strict sequential order. Some receipts were pre-numbered, some receipts were manually assigned numbers, and some receipt books were used out of sequence.
- G. The activity/program fees collected by the Activity Center did not consistently charge the authorized fee for the activity/program. Based on interviews with Community Activity Center employees, we were informed that various people, including the Village police and Village high school athletes were not charged fees by Mr. Glotzbecker. Since there are no records available which detail who was provided free access to the Community Activity Center, we could not quantify the additional fees which should have been collected.

After the Village Clerk-Treasurer suspected that not all Community Activity Center receipts were being turned into the Village's treasury, the Village's Clerk implemented internal controls to assure that all monies collected by the Community Activity Center for which receipts were issued were paid into the Village's treasury. After those controls were implemented in July of 1999, the Village saw a consistent increase in the revenues of the Community Activity Center without any increase in programs or participation. The following table demonstrates the increase in Community Activity Center revenue:

	<u>1998/1999</u>	<u>1999/2000</u>	<u>Increase</u>	<u>% of Increase</u>
August	\$ 7,169	\$15,850	\$ 8,681	121%
September	9,107	27,893	18,786	206%
October	7,833	13,172	5,339	68%
November	6,376	12,908	6,532	102%
December	34,650 (A)	36,078 (A)	1,428	15% (A)
January	8,300	15,046	6,746	81%
February	10,542	13,680	3,138	29%
March	15,773 (B)	15,039	(734)	(4%)

- A. The Village transferred in \$25,000 to the Community Activity Center account during both periods. The percentage increase was calculated after excluding the transfers in of \$25,000.
- B. The Community Activity Center received donations in the amount of \$1,650.

- 3. While reviewing the Community Activity Center duplicate receipts we noted receipts issued individually for \$5.00 to senior citizens for lunches which were provided at the Center. In order to determine whether all monies generated through this activity were receipted and deposited with the Clerk-Treasurer, we interviewed relevant individuals to determine how the luncheon was operated and reviewed receipt and disbursement activity related to the activity.

## SUPPLEMENT TO THE SPECIAL AUDIT REPORT

A. The following information regarding the operation of the luncheon was provided during our interviews:

I. According to Barb Heath, Community Activity Center Program Supervisor, the Community Activity Center provided lunches to the Village's senior citizens on the second Monday of every month. The Community Activity Center paid a caterer to provide those lunches at a rate of either \$4.25 or \$4.50 per lunch depending on the lunch being served. (We verified this fact by reviewing the caterer invoices). The Community Activity Center charged senior citizens \$5 per lunch, which was required to be paid in cash. At each luncheon an attendance sheet was maintained including the names of each senior citizen in attendance.

Ms. Heath stated she collected the money for most senior citizen lunches. She said she sat at a table with the attendance sheet and marked the people who paid. She stated on several occasions when she did not collect the money, Mr. Glotzbecker sat at the table and collected the money for the lunches. Receipts were not issued to people who paid the day of the lunch, only those that had paid in advance. She stated after all money was collected, she would put the money into an envelope, and place the envelope into the desk drawer of Mr. Glotzbecker. She stated Mr. Glotzbecker never once said anything to her about being out of balance or that money was missing.

II. According to Chris Litwiler, Community Activity Center Senior Coordinator, Barb Heath normally sat behind the table and collected the money for the senior lunches. She stated Martha Vonner never collected the money as she normally made coffee and placed table settings. She further stated speakers were only paid twice. One speaker was paid by Village check and another speaker was paid \$30 in cash. She was not sure where the \$30 was obtained to pay the speaker, but said it was obtained either from the proceeds of the luncheon, the petty cash fund, or the "coffee fund".

III. According to Mr. Glotzbecker, former Community Activity Center Director, he stated Barb Heath, Chris Litwiler, and Martha Vonner collected the money at the door and that he collected the money a couple times when the ladies were busy. He stated he did not receive the money all of the time because the ladies would pay for the luncheon speaker or buy the speaker a gift.

## SUPPLEMENT TO THE SPECIAL AUDIT REPORT

- B. Our review of attendance sheets, caterer invoices, payments to the caterer, and deposits remitted by Mr. Glotzbecker to the Village Clerk-Treasurer disclosed the following irregularities:
- I. Using the number of senior citizen names recorded on the attendance sheets, we determined the amount of revenue which should have been remitted to the Village Clerk-Treasurer for deposit. When comparing this amount to the deposits which Mr. Glotzbecker actually submitted to the Clerk-Treasurer, we noted \$4,304 of the revenue collected from these senior citizen lunches was not included on the deposits remitted to the Clerk-Treasurer. This \$4,304 is not included within the \$44,121 unaccounted for in Issue No. 1. As conveyed to us by Community Activity Center employees and the former Director and reported in Issue No. 1, it was the responsibility of Mr. Glotzbecker to prepare the collections for deposit and submit them to the Village Clerk-Treasurer. As a result, we are issuing a Finding for Recovery against Mr. Glotzbecker in the amount of \$4,304.
  - II. When comparing the dates of service on the caterer's invoices and the dates on the attendance sheets to the deposit slips prepared by Mr. Glotzbecker, we noted there were instances in which Mr. Glotzbecker deposited no monies for the luncheons with the Clerk-Treasurer. These monies are included within the calculation of the \$4,304 above.
4. During our review of Community Activity Center financial information and conducting interviews with various Village employees, the Village Clerk-Treasurer provided us with documentation showing that the Village purchased softballs in the amount of \$527 for the Jefferson Men's Softball League at the request of Mr. Glotzbecker. When completing the purchase order, Mr. Glotzbecker wrote on the purchase order that the Jefferson Men's Softball League would reimburse the Village for the cost of the softballs. We were provided with no evidence that the Jefferson Men's Softball League ever reimbursed the Village for the cost of the softballs.

In an interview with Mr. Glotzbecker he stated that the Jefferson Men's Softball League was a private organization which he directed outside of his duties as Director of the Community Activity Center. This organization had no affiliation with the Village. According to Mr. Glotzbecker, he was the organizer of the Jefferson Men's Softball League until 1998 and a person named Jim succeeded him as the organizer. He stated he did not know Jim's last name but Jim would be the person responsible for the reimbursement of the \$527 to the Village.

As Mr. Glotzbecker was the individual responsible for the Jefferson Men's Softball League at the time he completed the purchase order with his written commitment to reimburse the Village from League funds, we are issuing a Finding for Recovery against Mr. Glotzbecker in the amount of \$527.

## SUPPLEMENT TO THE SPECIAL AUDIT REPORT

5. Our review of the Community Activity Center calendars of events maintained by Director Marc Glotzbecker disclosed 617 events were scheduled at the Community Activity Center during the Period. Of the 617 scheduled events:
- A. 74 events were canceled.
  - B. 10 events were not held because the Community Center was not open on the scheduled date.
  - C. 391 events were not required to pay a rental fee since they were considered to be a civic or not-for-profit organization. Barb Heath, an employee of the Community Activity Center, stated to us in an interview that it was common practice not to charge civic or not-for-profit organizations. There was no formal Village authority passed by Council waiving fees for civic or not for profit organizations.
  - D. 72 events involved the collection of rental fees which we traced to receipts and deposits; and
  - E. Of the remaining 70 events, we found no indication that the event had been canceled, and that the required rental fee was not required to be paid. However, we found no receipts for these events. In order to confirm that the event was held and the rental fee was paid, we either contacted or left messages with 51 individuals who were known to have used the facility. Of the 51 individuals, only two individuals stated they paid for room rentals. One individual stated she paid \$50 in cash for a one time rental, however, we could not locate a receipt in the Village's records for that rental and the individual could not produce a receipt. The other individual stated he rented a room on six occasions for union meetings of the United Paper Workers Local #1270 and paid for those rentals by checks. The individual stated he issued three checks in the amount of \$20, two checks in the amount of \$30, and one check in the amount of \$60. We were able to locate three receipts which were issued for these payments in the total amount of \$140. We could not reconcile the \$40 difference.

With respect to some of other responses we received, we noted the following:

- ▶ An individual stated Mr. Glotzbecker didn't charge them for a SOCC (Support Our Community Center) Night at the Races.
- ▶ An individual stated Chamber of Commerce Citizen of the Year Banquets were held at no charge since they donated proceeds from the Valentine's Day Dance to the Community Activity Center.
- ▶ An individual stated she used the Community Activity Center for her daughter's shower, and was permitted to use it because she lived in the Village for many years, paid taxes and helped out at the Community Activity Center.

## SUPPLEMENT TO THE SPECIAL AUDIT REPORT

- ▶ An employee of the Community Activity Center stated she was not charged a fee for a baby shower because she set up and cleaned after the shower.
- ▶ An individual stated Bible Study meetings were held every Thursday with between 60 and 90 people attending every week, and although they offered to pay, Mr. Glotzbecker never charged them.
- ▶ An individual stated he offered to pay for a graduation party, but Mr. Glotzbecker insisted he not pay since he was a Village employee.

Based on the documentation reviewed for a majority of the 391 events listed which we know where held yet no fee was charged or collected, we could not determine which of the various Community Activity Center rooms were utilized or whether the renter was a Village resident. Due to the fact that the fee schedule provided for varying fees depending on which room was used and whether or not the renter was a Village resident, we could not accurately quantify the amount of room rental revenue which the Community Activity Center did not realize. Using the minimum and maximum fees per the fee schedule approved by Council on January 20, 1998, we estimate that for these 391 events the Village could have realized at least \$7,800 and possibly as much as \$136,800.

We could not quantify fees which should or could have been collected for the other events because we could not accurately determine whether those events were held or whether payments were made.

### FINDINGS FOR RECOVERY

1. When comparing the recorded receipts of the Community Activity Center to the deposit slips prepared by Mr. Glotzbecker and submitted to the Village Clerk-Treasurer we noted \$44,121 of cash collected and receipted by the Community Activity Center during the Period was not paid into the Village treasury. As conveyed to us by Community Activity Center employees and Mr. Glotzbecker himself, it was Mr. Glotzbecker's responsibility to prepare the collections for deposit and submit them to the Village Clerk-Treasurer. Ohio Rev Code Section 9.39 states all public officials are liable for all public money received or collected by them or by their subordinates under color of office.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery is hereby issued against Marc Glotzbecker, the Village's Director of Community Activity Center, for public monies collected, but not accounted for, in the amount of \$44,121, and in favor of the Village of Jefferson Recreation Fund.

## **SUPPLEMENT TO THE SPECIAL AUDIT REPORT**

2. Using the number of senior citizen names recorded on the attendance sheets, we determined the amount of revenue which should have been remitted to the Village Clerk-Treasurer for deposit. When comparing this amount to the deposits which Mr. Glotzbecker actually submitted to the Clerk-Treasurer, we noted \$4,304 of the revenue collected from these senior citizen lunches was not included on the deposits remitted to the Clerk-Treasurer. As conveyed to us by Community Activity Center employees and Mr. Glotzbecker himself, it was the responsibility of Mr. Glotzbecker to prepare the collections for deposit and submit them to the Village Clerk-Treasurer. Ohio Rev. Code Section 9.39 states all public officials are liable for all public money received or collected by them or by their subordinates under color of office.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for is hereby issued against Marc Glotzbecker, the Village's Director of Community Activity Center, for public monies collected but not accounted for, in the amount of \$4,304, and in favor of the Village of Jefferson Recreation Fund.

3. The Village purchased softballs in the amount of \$527 for the Jefferson Men's Softball League at the request of Mr. Glotzbecker. When completing the purchase order, Mr. Glotzbecker wrote on the purchase order that the Jefferson Men's Softball League would reimburse the Village for the cost of the softballs. We were provided with no evidence that the Jefferson Men's Softball League ever reimbursed the Village for the cost of the softballs.

In an interview with Mr. Glotzbecker he stated that the Jefferson Men's Softball League was a private organization which he directed outside of his duties as Director of the Community Activity Center. This organization had no affiliation with the Village.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery is hereby issued against Marc Glotzbecker, the Village's Director of Community Activity Center, for public monies illegally expended, in the amount of \$527, and in favor of the Village of Jefferson Recreation Fund.

### **CITATIONS**

#### **Ohio Revised Code**

1. Ohio Rev. Code Section 9.38 states public money must be deposited with the treasurer of the public office or to a designated depository within 24 hours of collection. Public money collected for other public offices must be deposited by the first business day of the week following the date of collection. In addition, Ohio. Rev Code Section 9.39 states all public officials are liable for all public money received or collected by them or by their subordinates under color of office.

The Director of the Village's Community Activity Center deposited money generated at the Center to the Village's Clerk-Treasurer every third or fourth day.

## **SUPPLEMENT TO THE SPECIAL AUDIT REPORT**

2. Ohio Rev. Code Section 117.01(C) states public money means any money received, collected by, or due a public official under color of office, as well as any money collected by any individual on behalf of a public office or as a purported representative or agent of the public office.

The Village did not authorize the account of the Jefferson Men's Softball League and the Village's Clerk-Treasurer was not aware the account existed. The account of the Jefferson Men's Softball League was in the name of Marc Glotzbecker which is contrary to the above statute.

### **Village Policies**

1. A motion passed by Village Council on January 20, 1998, and amended on January 12, 1999 approved the fees to be charged for programs and activities sponsored by the Jefferson Community Center for both residents and non-residents of the village.

As previously stated, the Director of the Community Activity Center did not always charge fees for programs and activities which were held at the Community Activity Center which was contrary to the fee schedule adopted by the Village Council.

2. A motion passed by Village Council on February 2, 1998, authorized the Jefferson Community Center to charge all individuals and/or organizations a fee for renting rooms at the Community Center. It also requires renting parties to sign a rental agreement.

The Director of the Community Activity Center did not always charge the correct fees for the rental of rooms at the Community Activity Center and in at least 391 instances did not charge fees at all, contrary to the motion passed by the Village Council. As stated previously, based on the rental fees schedule approved by Village Council, the Community Activity Center should have collected at least \$7,800 and as much as \$136,800 for 391 events for which it did not charge a rental fee.

### **MANAGEMENT COMMENTS**

1. During our examination we noted that different receipt books which were used approximately 18 months apart had the identical number sequence. We also noted receipt books were not used in sequential order and were supplied by different vendors. At times, more than one receipt book was in use at the Community Activity Center. These weaknesses make it difficult to detect missing receipts, complicate the reconciliation of daily receipts, and could result in the diversion of cash.

We recommend the Community Activity Center issue receipts in consecutive order. In order to better control this process, we recommend the Village's Clerk-Treasurer issue only one receipt book at a time to the Community Activity Center and require that receipt book to be completed before the issuance of a replacement. At that time, the Clerk-Treasurer should verify all receipts are accounted for and agree to the Community Activity Center's pay-ins submitted to the Village's treasury.

## SUPPLEMENT TO THE SPECIAL AUDIT REPORT

2. Auditor of State Bulletin 99-20 addresses the effects of House Bill 220 (123rd G.A.) on the proper deposit of public funds and the designation of depositories for public money as provided by Ohio Rev. Code § 9.38 and § 135.12.

Prior to the enactment of House Bill 220, Ohio Rev. Code § 9.38 required a public official (other than a state officer or employee or agent) to deposit all public money received by the official with the treasurer of the public office or with a properly designated depository once every 24 consecutive hours. House Bill 220 amends Ohio Rev. Code § 9.38 to require public officials (other than a state officer, employee or agent) to deposit all public moneys received with the treasurer of the public office or properly designated depository on the next business day following the day of receipt, if the total amount of such moneys received exceeds \$1,000. If the total amount does not exceed \$1,000, the public official has the option of either depositing the money on the next business day following the day of receipt or adopting a policy permitting a different time period. The alternate time period, however, shall not exceed three business days following the day of receipt. Further, the policy must include procedures to safeguard the moneys until the time of deposit.

We recommend the Village adopt a policy that requires the Community Activity Center to deposit with the Village's Clerk-Treasurer daily. We also recommend the Community Activity Center's cash drawer be reconciled daily to receipts issued that day.

3. As stated previously, the Village passed by motion, the approval of program fees and rental fees for the Community Activity Center.

We recommend the Village approve program fee schedules and rental fee schedules by either Ordinance or Resolution (and all amendments thereafter) which will clearly show Council's intent and establish a trail of documentation in the permanent records of the Village.

4. The Director of the Community Activity Center was required by Ordinance No. 2135 dated 7/15/96 to report directly to Council or its designee; however, Council did not enforce this ordinance. As a result, financial discrepancies within the Community Activity Center went unnoticed until July of 1999. Since the discovery of these financial discrepancies, the Village has adopted a new management plan (Ordinance No. 2284 dated 12/6/99) requiring the Director of the Community Activity Center to report to the Village Administrator who will be responsible for the overall management of the Community Activity Center.

We recommend Council provide proper oversight in all instances in which Council has authorized Village employees to report directly to them. We also recommend the Director of the Community Activity Center provide the Administrator and Council with reports on a monthly basis which detail activities, participants, revenues, disbursements, and individual activity's profit/loss. This will enable the Village to determine which activities are self-supporting and which activities the Village Council may choose to eliminate.

5. The Village did not require Director of the Community Activity Center be bonded.

We recommend Council require all employees who handle cash be bonded in an amount commensurate with their duties.

## SUPPLEMENT TO THE SPECIAL AUDIT REPORT

### ISSUE NO. 2 - PAYMENTS TO COMMUNITY ACTIVITY CENTER PROGRAM INSTRUCTORS

We reviewed payments to instructors for all Community Activity Center programs during the Period to determine whether they were paid according to the terms of their agreements with the Village.

#### PROCEDURES

1. We reviewed Village documentation to identify programs offered by the Community Activity Center and the instructors of those programs.
2. We obtained the contracts between the Village and the program instructors to determine the amount of compensation to be paid to each instructor.
3. We determined whether the instructors were paid in accordance with the terms of the contracts. We interviewed those instructors that were overpaid.

#### RESULTS

1. Based upon our review of Community Activity Center receipts, program attendance sheets, and instructor contracts we determined the following programs were offered at the Community Activity Center during the Period: baton, gymnastics, karate, kick fit, youth dancing, line dancing, and tennis.
2. The Village's contracts with instructors of Community Activity Center programs required the Village to pay instructors 60% (50% after March 1, 1999) of the gross profit (total proceeds collected for program fees less expenses incurred for program implementation) of the programs which they instructed.
3. We identified the total revenue generated for each program by reviewing the receipts which were issued for each program. All expenses, which included instructor assistants' compensation, were identified in the Village's disbursement ledgers and deducted from the total revenue to arrive at each program's gross profit. According to the contracts, assistants were only used in the baton program.

## SUPPLEMENT TO THE SPECIAL AUDIT REPORT

Using the gross profit, we calculated the instructors' compensation for the Period in accordance with the contract provisions. We compared the amounts which should have been paid according to the contracts to the actual payments made and noted the following overpayments:

Program	Program Receipts	Program Expenses	Gross Profit	Payment Per Contract	Actual Payment	Over Payment
Baton	\$16,351	(\$3,667)	\$12,684	\$7,247	\$12,050	\$4,803
Gymnastics	29,796	--	29,796	17,043	25,366	8,323
Karate	7,523	--	7,523	4,360	6,660	2,299
Kick Fit	10,934	--	10,934	5,467	11,699	6,231
Youth Dancing	2,112	--	2,112	1,267	2,376	1,109
Line Dancing	363	--	363	217	425	207
Tennis	<u>1,060</u>	--	<u>1,060</u>	<u>562</u>	<u>962</u>	<u>410</u>
Totals	<u>\$68,139</u>	<u>(\$3,667)</u>	<u>\$64,472</u>	<u>\$36,163</u>	<u>\$59,538</u>	<u>\$23,382</u>

We interviewed instructors concerning amounts they were overpaid and these were their responses:

- ▶ Vicki Crompton, Baton Instructor, stated she kept some attendance records and recalculated her pay based on her attendance records. She stated she thought she might be a little overpaid, but not by much. Ms. Crompton indicated that she did not receive payment for individuals which the Village allowed to participate in the program at no charge. The Village provided us with no documentation to support which individuals were allowed to participate at no charge. In addition, Ms. Crompton stated that she was not made aware of the contract modification reducing the instructor compensation from 60% of gross profit to 50% until September 10, 1999. The contract stated the change was effective March 1, 1999.
- ▶ Aric Anderson, Boys Gymnastics Instructor, stated he was supposed to receive 25% of the revenue for boy students in the gymnastics program. He also mentioned that he received a pay increase of \$50 per month each year he instructed. When told that he was overpaid, he stated he felt he should not be held responsible for Mr. Glotzbecker's mistake and he will not payback any money to the Village.
- ▶ Lisa Hamper, Gymnastics Instructor, stated that when she first started she received 70% of the revenue and now collects only 50% of the revenue from gymnastics participants. She stated these contracts were invalid since they were not notarized and felt that she was under paid since there were students in her classes that did not pay. She said that after she talked to Mr. Glotzbecker about this, she received a large increase in her pay the next month. She said she kept no records

## SUPPLEMENT TO THE SPECIAL AUDIT REPORT

- ▶ Ted Hines and Bill Tobias, Karate Instructors, both stated in separate interviews that they signed contracts to receive 50 % of the revenue from students participating in Karate classes. Ted Hines taught adults and Bill Tobias taught children and both agreed to split the revenue 50/50. They both responded they kept no records. Both felt they were under paid since they had students that did not pay for months and then quit the class without paying. Both stated some students paid their fees directly to them, and they would leave the fees in an envelope with a description written on the outside of the envelope and they would leave the envelope at the front counter.
- ▶ Craig Clinton, Kickfit Instructor, stated he remembered signing something but didn't remember the terms of the agreement. He stated he had an oral agreement with Mr. Glotzbecker that he was to receive \$3 for each person who participated in his kickfit classes. (The Village charged participants \$3 to take the class). He said he kept no records and had no knowledge if he was over or under paid.
- ▶ Michelle Young, Youth Dance Instructor, stated she signed a contract every year she was an instructor and knew what percentage she was suppose to be paid. She felt she was overpaid and stated she talked to Mr. Glotzbecker about it, but he informed her not to worry about it because his figures where right. Ms. Young stated she kept attendance records and did provide us with attendance records for 1995, 1996, and 1997, but those records were outside of our audit period. She did not provide records for 1998 or 1999.
- ▶ Laurence Bragga, Tennis Instructor and current Village Mayor, stated he remembered signing a contract in 1998 but not in 1999. He stated he knew he was overpaid in 1998 and spoke with the Village Clerk about it. He said she told him to cash the check because Mr. Glotzbecker authorized the payment. He further stated he did not collect money from any students and did not know which students in his class paid the Village for instruction and which ones didn't.
- ▶ Mr. Glotzbecker stated he calculated instructors pay by adding their program revenue from his green ledger books and multiplied the total revenue by the percentage the instructor was to receive. He would reflect the amount on a form and turn it over to the Village Clerk so she could make payment. (The green ledger book only reflected revenue from the deposit slips which were made out by Mr. Glotzbecker and not the actual receipt information as recorded in the receipt books.) When we asked Mr. Glotzbecker if he reviewed instructor's contracts to make sure instructors were paid correctly, he stated that instructors' "contracts were a mess and they were always changing." He stated no instructors ever told him they were overpaid, but instructors always complained of being underpaid. He stated he made an oral agreement with Mr. Clinton, Kickfit Instructor, to pay him \$3 per participant because it brought in many participants.

Based upon our interviews with the instructors, it is apparent that the instructors were not aware of the amount of program revenues actually received by the Recreation Director. In addition, most instructors indicated they were informed by the Recreation Director they would be paid an amount which differed from the written contract terms.

## **SUPPLEMENT TO THE SPECIAL AUDIT REPORT**

### **FINDING FOR RECOVERY**

During the Period, the Village made payments to instructors of the Recreation Department's baton program, karate program, gymnastics program, kick fit program, youth dancing program, line dancing program, and tennis program. According to the written agreements between the Village and each of the instructors, the Village was required to pay each instructor 60% (50% after March 1, 1999) of the gross receipts generated by their respective programs less any fees paid to helpers of the program and any revenue generated for fund raising activities or uniform cost. We interviewed Marc Glotzbecker, Recreation Director who acknowledged that he calculated instructors pay by adding their program revenue from his green ledger books and multiplying the total revenue by the percentage the instructor was to receive. He then reported that amount on a form which he submitted to the Village Clerk so she could make payment. We determined that Mr. Glotzbecker's green ledger books only reflected revenue from the deposit slips which were completed by Mr. Glotzbecker and not the actual receipt information as recorded in the Recreation Department's receipt books. We recalculated the amounts which should have been paid to each of the instructors based upon the receipt books and expenses from the program ledgers and determined the instructors were overpaid a total of \$23,382.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery is hereby issued against Marc Glotzbecker, the Village's Director of Community Activity Center, for public monies illegally expended in the amount of \$23,382, and in favor of the Village of Jefferson Recreation Fund.

## SUPPLEMENT TO THE SPECIAL AUDIT REPORT

### ISSUE NO. 3 - UTILITIES DEPARTMENT CASH COLLECTION PROCEDURES

We reviewed the procedures followed by Village personnel when collecting, posting, and depositing utility payments and made recommendations for improvement.

#### PROCEDURES

1. We reviewed the Village's Codified Ordinances and any formally approved policies to determine whether any authority exists governing the collection of cash by Village employees.
2. We selected a sample of cash receipts in the Utilities Department during the Period and determined whether those receipts were collected, deposited and posted to the ledger.

#### RESULTS

1. The Village had no formal written policy outlining the procedures to be followed when billing, collecting, posting, and depositing utility payments.

The property owners of the Village paid utilities bills by one of three ways: by mail, at the Village Hall, or at Andover Bank. Although not formally documented, the following procedures were followed:

##### **By Mail**

The Village's Administrative Assistant opened all mail daily at the Village Hall. She distributed the mail which went to the various Village departments and retained the utilities payments. After comparing the collection to the payment stub, she date stamped all utilities payment stubs and entered the payments into the system. She then performed a calculator footing of the collections and compared that to a calculator footing of the payment stubs for accuracy. She prepared a deposit slip and deposited the collections into the Village's general account at First Merit Bank. She provided a copy of the deposit slip to the Clerk/Treasurer along with a breakdown of the fees collected, i.e., sewer payments, refuse payments, tap-in fees, and late payments. The Clerk-Treasurer then prepared the pay-in to the Village's Treasury.

##### **At the Village Hall**

When property owners made utilities payments, in person, at the Village Hall, the Administrative Assistant stamped paid the property owner's portion of the billing stub. She only provided a duplicate receipt to the property owner if one was requested. She retained the payment stub, entered the payment into the system, and placed the payment into a cash box. At the end of the day, she performed a calculator footing of collections in the cash box and compared that to a calculator footing of the payment stubs for accuracy. She prepared a deposit slip and deposited the collections into the Village's general account at First Merit Bank. She provided a copy of the deposit slip to the Clerk/Treasurer along with a breakdown of the fees collected, i.e., sewer payments, refuse payments, tap-in fees, and late payments. The Clerk/Treasurer then prepared the pay-in to the Village's Treasury.

## SUPPLEMENT TO THE SPECIAL AUDIT REPORT

### At Andover Bank

When property owners made utilities payments, in person, at Andover Bank, the bank cashier stamped paid the property owner's portion of the billing stub and credited the Village's account with the payment. Once a week, the bank forwarded all payment stubs along with a check for the total amount of collections to the Clerk/Treasurer. The Clerk/Treasurer then prepared the pay-in to the Village's Treasury. The Clerk/Treasurer then forwarded the payment stubs to the Administrative Assistant who entered the payments into the system.

2. We examined one billing cycle (2 months) of Utilities Department billings and compared those billings to receipts, deposits, and ledger postings in order to confirm existence, completeness, valuation and accuracy of the receipts. Although all revenue collected from Utilities Department billings were deposited and posted to the ledger, collections were not always deposited into the Village's depository in a timely manner nor were collections always receipted. We determined the Utilities Department made 21 deposits over the 61 day period reviewed. When revenue collection was sporadic at the beginning of the cycle, the Utilities Department maintained collections in a locked drawer for sometimes as long as a week. As the revenue collection became more prolific towards the end of the cycle, the Utilities Department, generally deposited daily.
3. The Administrative Assistant made adjustments to standing data without authorization of the Village Administrator.

### CITATIONS

Ohio Rev. Code Section 9.38 states public money must be deposited with the treasurer of the public office or to a designated depository within 24 hours of collection. Public money collected for other public offices must be deposited by the first business day of the week following the date of collection.

The Village's sewer and trash receipts were not always deposited into the Village's depository in a timely manner contrary to the above statute. When Utilities Department revenue collections were sporadic at the beginning of the billing cycle, the Utilities Department maintained collections in a locked drawer for sometimes as long as a week before a deposit was made.

### RECOMMENDATIONS

1. The Village had no formal policy detailing the billing, collection and receipting functions of the operations of the Village's Utilities Department.

To ensure more effective and efficient controls over the Village Utilities Department's billing and collection process, we recommend Village Council adopt a formal policy governing the billing and collection process, similar to the one they passed in December 1999 with respect to the Village's Community Activity Center.

## SUPPLEMENT TO THE SPECIAL AUDIT REPORT

2. The Administrative Assistant responsible for the collection of utilities payments only prepared receipts for property owners who requested one.

In order to maintain more effective accountability over utilities collections, we recommend receipts be prepared for all utilities payments collected at the Village Hall.

3. The Administrative Assistant ultimately collected all revenue, made all deposits to the bank, and posted all payments to the ledger.

To enhance control over utilities collections, we recommend that different Village employees perform the functions of revenue collection, posting to the ledger, and depositing to the bank. If segregation of duties is not possible given the small size of the Village's staff, we recommend Council perform monthly monitoring of the financial information of the utilities department including monthly revenue, monthly expenses, adjustments made to individual accounts, and information regarding delinquent accounts. The information should be detailed enough to enable Council to make informed decisions regarding the operations of the Utilities Department.

4. The Administrative Assistant made all account adjustments and adjustments to standing data without authorization of the Village Administrator. Village Council and/or the Village Administrator should approve all adjustments, including leaks, swimming pool fills, billing errors, and credits made to accounts. While it may not be administratively feasible to give approval prior to the needed action, these adjustments should be documented and reviewed on a monthly basis to determine the accuracy and validity.

Periodic monitoring of account adjustments can help to deter unauthorized adjustments to utility accounts. In addition, any account adjustments should be supported by documentation. We recommend management monitor utility account transactions and the method by which adjustments are documented.

In order to improve oversight of utilities billing adjustments, we recommend the Village Administrator authorize all adjustments made to utilities collections' standing data by the Administrative Assistant.

5. The Administrative Assistant never performed a reconciliation of utilities collections to amounts posted to the ledger and deposits to the bank. This could result in utilities collections being diverted without detection.

We recommend the Village perform a reconciliation, on a daily basis, of utilities revenues collected, utilities payments posted to the ledger, and utilities collections deposited to the bank in order to ensure they are all in agreement. We further recommend the Village to reconcile on a bi-monthly basis (the Village's billing cycle) all utilities customers billings to payments received in order to ensure all billings are collected. Any discrepancies discovered based on those reconciliations should be reported to Village Council on a regular basis.



STATE OF OHIO  
OFFICE OF THE AUDITOR  

---

JIM PETRO, AUDITOR OF STATE

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-466-4490

**VILLAGE OF JEFFERSON**

**ASHTABULA 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 12, 2000**