



**WESTERN RESERVE LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

SPECIAL AUDIT REPORT

APRIL 1, 1993 THROUGH DECEMBER 31, 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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

NAME	TITLE	BOND
John Cotton	Board President	
Patricia Pratt	Board Vice-President	
Fredrick Houston	Board Member	
Joy Lukanec	Board Member	
Susanne Randall	Board Member	
Charles Swindler	Superintendent	(A)
Carol Brobst	Treasurer	(A)

(A) Bonded in the amount of \$10,000 by The Ohio Casualty Group of Insurance Companies

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REPORT OF INDEPENDENT ACCOUNTANTS

Mr. Charles Swindler
Superintendent
Western Reserve Local School District
13850 Akron-Canfield Road
Berlin Center, Ohio 44401-9756

Pursuant to your request, 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 April 1, 1993 through December 31, 1999 (the Period). These procedures were performed solely to determine whether all revenue from advertisements placed in the Western Reserve Local School District's (the District) community newsletter were paid in to the District Treasurer or deposited to an authorized District bank account.

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 determined whether revenue from advertisements placed in the District's community newsletter during the Period were paid in to the District Treasurer or deposited in an authorized District bank account.

Significant Results:

For the Period, the District should have collected \$25,020 for advertisements placed in its newsletter; however, only \$12,957 of advertisement revenue was posted to the District's ledgers.

24 newsletter advertisers provided copies of cancelled checks issued to Patricia Pratt, receipts for cash payments made directly to Patricia Pratt, or letters stating they made cash payments directly or indirectly to Patricia Pratt in the total amount of \$4,020 for advertisements placed in the newsletter. None of those payments Patricia Pratt were deposited in a District account and as a result we have issued a Finding For Recovery.

For the period January 1, 1998 through December 31, 1999, Patricia Pratt and/or her husband deposited 17 checks totaling \$955, which were written by community newsletter advertisers to Patricia Pratt, into their personal accounts. Patricia Pratt also made 36 unidentified cash deposits totaling \$3,727 into her or her husband's personal account for the same period.

2. On May 30, 2001, we held an exit conference with the following Officials representing the District:

Joy Lukanec, Board President
Charles Swindler, Superintendent
Carol Brobst, Treasurer

The attendees were given an opportunity to respond to this Special Audit. In a letter dated May 30, 2001, the aforementioned District officials expressed their desire to waive the District's five day review period citing that they agreed with the content of this report. No additional response was received.

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 District'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 District, 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 of local government officials is not limited.

Jim Petro
Auditor of State

March 22, 2001

SUPPLEMENT TO THE SPECIAL AUDIT REPORT

BACKGROUND INFORMATION

Patricia Pratt, former Board Member of the District from 1989 to 1999, was one of the organizers of the *Reserve Community Roundup*, a school/community newsletter that serves the residents of Berlin and Ellsworth Townships. The newsletter was established to fill the void left by the discontinuance of a previous publication that was the primary source of information for the community. On May 13, 1993, the Board of Education of the Western Reserve Local School District passed Resolution No.81-93 to establish a fund for the purpose of accounting for revenue and expenditures from the publication of the *Reserve Community Roundup*. This Resolution stated that revenue sources would include revenue generated from the sale of ads and donations, and expenses would include postage and materials used for publication of the newsletter.

Mrs. Pratt had directed the publication of the newsletter from its inception in April, 1993 until December, 1999. During this period, she collected money from various advertisers for advertisements placed in the newsletter. She also collected donations that were contributed to help defray the cost of operating the newsletter. According to the aforementioned Resolution, moneys collected on behalf of the newsletter should have been recorded in the District's records. In November, 1999, Charles Swindler, Superintendent of the District, and Carol Brobst, Treasurer of the District, reviewed the accounting records of the newsletter and were unable to determine why income from the newsletter's advertisement sales was less than what they perceived it should have been. In a review of the newsletters issued for fiscal year ended June 30, 1999, they determined approximately \$6,261 in advertisements were placed. However, only \$1,678 was recorded in the District's revenue ledger for this same period.

In a letter dated December 2, 1999, Superintendent Swindler requested that we perform a special audit of the newsletter fund. On December 9, 1999, the Auditor of State Special Audit Committee voted to initiate a special audit.

At the December 8, 1999 Board of Education meeting, Mrs. Pratt announced that she was resigning, effective immediately, citing family obligations and health reasons.

SUPPLEMENT TO THE SPECIAL AUDIT REPORT

APPLICABLE AUTHORITY

1. Ohio Rev. Code § 9.38 requires in part that public officials deposit all public money received with the treasurer of the public office or a properly designated depository within 24 hours of collection.¹
2. Board policy *Cash in School Buildings* provides in part that all moneys collected will be receipted, accounted for and directed without delay to the proper location for deposit. In no case shall moneys be left overnight in school buildings, except in safes provided for safekeeping of valuables; even then, no more than a few dollars should be kept.

¹ The language of Ohio Rev. Code § 9.38 changed on 11/02/99 giving a public official 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 could 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. The District was in violation of both versions of the statute during the Period.

SUPPLEMENT TO THE SPECIAL AUDIT REPORT

ISSUE - DETERMINE WHETHER ALL REVENUE FROM ADVERTISEMENTS PLACED IN THE DISTRICT'S COMMUNITY NEWSLETTER WERE PAID INTO THE DISTRICT TREASURER OR DEPOSITED TO AN AUTHORIZED DISTRICT BANK ACCOUNT
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PROCEDURES

1. We obtained available financial records of the District's community newsletter for the Period.
2. We reviewed the District's policy manual to identify any District policy which governed the operation of the District's community newsletter. We also reviewed the authorization of the District's community newsletter fund.
3. We obtained a copy of the District's community newsletters which were issued during the Period.
4. We scheduled the amount of revenue which should have been collected based on advertisements which were placed in the newsletters.
5. We obtained the District's revenue account information for the District's community newsletter fund for the Period to determine the amount of revenue posted to the District's accounts.
6. We determined whether revenues which should have been collected from all advertisers were paid into the District Treasurer or deposited to an authorized District bank account and posted to the District's community newsletter revenue account.
7. We sent request letters to all advertisers identified as having placed advertisements in the District's community newsletter during the Period, but whose revenue was not paid into the District Treasurer or deposited to an authorized District bank account and was not posted to the District's community newsletter revenue account to determine whether those advertisers paid for their advertisements. These letters requested documents related to all payments made for advertising during the Period, including but not limited to, copies of all checks paid and to whom they were paid; all cash payments made, the dates they were made, and to whom they were made; and copies of all receipts issued.

RESULTS

1. We obtained the following records which were in the District's possession:
 - The District's Revenue Ledgers for Special Enterprise Fund 020 which contained all receipts posted on behalf of the newsletter for the period April 1, 1993 through December 31, 1999.
 - Copies of the actual receipts and any related supporting documentation maintained with the receipts.
 - A Vendor Transaction Ledger that listed all reimbursement checks issued to Patricia Pratt during the Period.
 - 3 reimbursement checks that were issued to Patricia Pratt for newsletter related expenditures.
 - A newsletter advertisement price list.
 - A blank invoice used to bill advertisers of the newsletter and which instructed advertisers to submit payments to Patricia Pratt's home residence.

SUPPLEMENT TO THE SPECIAL AUDIT REPORT

The District's revenue ledgers did not list payments from advertisers on an individual basis to readily trace the District's receipts to specific advertisement payments. The District totaled all newsletter advertisement payments during a period and posted one receipt to the ledger for that amount. As a result, we had to review deposit slips and other support documentation available to determine if an individual advertisement receipt was posted to the District's ledgers.

In a discussion with the Superintendent and Treasurer, they stated that the newsletter price list and any discounts granted for advertisement in the newsletter were not approved by the Board. Our review of the Board's minutes affirmed their comments. A recommendation will be made that the price list, including discounts, should be approved by the Board.

We also obtained the following financial records related to the District's community newsletter which were in the possession of Patricia Pratt:

- Expenditures made from petty cash which were listed on notebook paper.
- Newsletter advertisement registers which listed those advertisers who had paid for advertisements in the newsletter and those who had not.
- Receipt books used by Patricia Pratt for moneys received by advertisers.

After reviewing the above mentioned documents, we noted the following:

- Expenditures made from petty cash included: paper clips, two boxes of Avery labels, scissors, glue sticks, notebooks and receipt books, staples (heavy duty), envelopes for invoices, white out, and get well and sympathy cards. These expenditures were listed on a notebook paper without the amounts expended or the dates of the expenditures. Since the account was not maintained in a structured manner, we could not determine the balance of the petty cash account at any point in time. Furthermore, no receipts were kept for petty cash expenditures and the account was not recorded in the District's accounting records or approved by the Board. The District did not have a policy which governed the use of petty cash accounts. A recommendation will be made to establish a petty cash account policy.
 - After comparing the newsletter advertisement registers which supposedly listed all newsletter advertisers with our schedule of advertisements, we determined the registers were not complete and did not identify the payers, when they paid, or the time frame the payments covered. A recommendation will be made that the District establish procedures to properly account for advertisement revenues.
 - One of the receipt books was not pre-numbered.
 - 14 receipts were missing from the receipt books.
 - Of 29 receipts examined, 4 receipts were not dated.
 - Of the 29 receipts listed in Patricia Pratt's receipt books, we were able to trace only one receipt in the amount of \$60 to the District's records. The remaining receipts totaling \$721 were not posted to the District's ledgers.
2. The District did not have policies that governed the operations of its newsletter. A recommendation will be made for the Board to implement policies and procedures that govern the operations of the newsletter.

SUPPLEMENT TO THE SPECIAL AUDIT REPORT

We reviewed Board Resolution No.81-93 that adopted a fund for the purpose of accounting for revenue and expenditures from the publication of a School/Community newsletter, and the Auditor of State's approval for the establishment of this fund. In an examination of the District's accounting ledgers, receipts and journals, we noticed that the District had established the fund for the newsletter per the Board Resolution.

3. We obtained copies of 65 newsletters which were issued from April 1, 1993 through December 31, 1999.
4. The community newsletter's staff charged advertisers the following rates:
 - \$60 for a two page advertisement
 - \$30 for a one page advertisement
 - \$10 for a business card advertisement
 - \$1 for a classified advertisement

We determined the total amount of advertisement revenue that should have been collected and recorded in the District's newsletter fund was as follows:

The period 4/1/93 through 6/30/93	\$262
Fiscal Year 1994	1,765
Fiscal Year 1995	2,261
Fiscal Year 1996	2,379
Fiscal Year 1997	2,990
Fiscal Year 1998	5,537
Fiscal Year 1999	6,861
The period 7/1/99 through 12/31/99	<u>2,965</u>
Total Advertisement Revenue	<u>\$25,020</u>

5. The total advertising revenue posted to the District's Revenue Ledgers was as follows:

The period 4/1/93 through 6/30/93	\$0
Fiscal Year 1994	2,115
Fiscal Year 1995	1,677
Fiscal Year 1996	2,493
Fiscal Year 1997	2,108
Fiscal Year 1998	2,141
Fiscal Year 1999	1,903
The period 7/1/99 through 12/31/99	<u>520</u>
Total advertisement revenue posted to the District's records	<u>\$12,957</u>

While performing its own internal review of the reason for the reduction in advertising revenue, the District noted 17 deposits from the years 1994 to 1999 for which their internal records did not identify the advertisers who made payments for newsletter ads. The District requested the deposit detail from the bank for those 17 deposits which included 136 checks from advertisers. Review of those checks noted they were deposited in the District's bank account and posted to the ledger between 2 and 69 days after the date the check was issued. Board policy *Cash in School Buildings* provides in part that "all moneys collected will be receipted, accounted for and directed without delay to the proper location for deposit. In no case shall moneys be left overnight in school buildings, except in safes provided for safekeeping of valuables; even then, no more than a few dollars should be kept."

SUPPLEMENT TO THE SPECIAL AUDIT REPORT

6. Although the District should have collected \$25,020 of advertisement revenue on behalf of the community newsletter; only \$12,957 was deposited and posted to the District's community newsletter revenue account. Mrs. Pratt was responsible for collecting advertising revenue and depositing the revenue into the District's accounts. In an interview, Mrs. Pratt stated that new businesses or businesses having financial difficulties were sometimes not charged for advertisements. She further stated advertisers who paid for six months of advertisements received a seventh month of advertisement for free. Mrs. Pratt did not maintain any documentation which identified which advertisers were not charged for ads.
7. We sent request letters to 181 community newsletter advertisers requesting support documentation for advertisement payments made by them including copies of the front and back of all checks issued, all cash payments made, the dates payments were made, to whom payments were made, and all receipts issued for payments. Of those 181 request letters, we received responses from 58 advertisers. We did not receive responses from 123 advertisers. 24 request letters were returned to us by the post office for reasons such as: no mail receptacle; temporarily away; moved left no address; box closed; forward time expired; no such street number; and no longer at this address. Of the 58 responses we received, the advertisers responses were the following:
- 4 advertisers, who had newsletter advertisements valued in the total amount of \$980, responded that they could not locate any records;
 - 4 advertisers, who had newsletter advertisements valued in the total amount of \$90, responded that they did not advertise or could not recall advertising in the newsletter;
 - 7 advertisers, who had newsletter advertisements valued in the total amount of \$554, did not provide documentation to determine who they paid and/or the method of payment (cash or check);
 - 1 advertiser, who had newsletter advertisements valued in the total amount of \$40, provided us with a copy of a canceled check issued to Donna Carr who assisted Patricia Pratt with the newsletter. That check was issued for \$50 and deposited to a District account;
 - 1 advertiser provided two receipts signed by Patricia Pratt for cash payments totaling \$180, and a statement that he paid an additional \$50 cash to Patricia Pratt when no receipt was issued;
 - 2 advertisers provided signed letters which stated cash totaling \$1,120 had been paid for advertisements placed during the period of December 1997 through December 1999.
 - 18 advertisers provided copies of 67 canceled checks in the total amount of \$2,107 or statements reflecting that payment was made to the Reserve Community Roundup or a similar variation thereof. Those checks were deposited to a District account.
 - 15 advertisers provided 39 copies of canceled checks in the total amount of \$1,740 that showed that payments were made directly to Patricia Pratt;
 - 4 advertisers provided 16 copies of canceled checks in the total amount of \$340 that showed that payments were made directly to Patricia Pratt. One of these advertisers provided copies of three receipts reflecting cash payments made to Patricia Pratt totaling \$90.
- These advertisers also provided 22 copies of canceled checks in the total amount of \$350 reflecting that payment was made to the Reserve Community Roundup or a similar variation thereof and was deposited to a District account.

SUPPLEMENT TO THE SPECIAL AUDIT REPORT

- 2 advertisers provided signed letters that cash totaling \$500 was given to Jodi Kale for newsletter advertisements placed during the period December 1996 through February 2000. In a signed statement, Jodi Kale, a community volunteer who helped in the publication of the newsletter, attested the money she received from advertisers was given to Patricia Pratt, in accordance with Mrs. Pratt's instruction.

The following is a summary list of the 24 advertisers that provided copies of cancelled checks, receipts for cash payments made directly to Patricia Pratt, or letters stating they made payments directly or indirectly to Patricia Pratt.

Advertiser	Amounts Issued to Patricia Pratt During Period
Alliance Foot and Ankle Clinic	\$290
Lake Milton Scenic Cruises	30
Mary Kay Amodio	60
Paula J. Cox, American Express	50
Julia A. Arnold	150
Never Too Olde	120
Candace / Robert Reed	80
St. Clair Enterprises/American Eagle Locksmith	120
Ellsworth Video	100
Kathleen B. Rosati	50
Gloria Ripple / Alpine	230 *
TDDS Professional Training Center	480
The Accounting Center	160
Laura L. Gatrell	60
Personal Pet	50
Delores J. Morris	10
M. Sue Dreiling / F.A.C.E.	10
Mildred B. Dreiling / Market America	60
Brian Frank's Electric INC	50
Sunshine Preschool	240 **
Country Pantry Food Store	730 *
Ace Hardware	390 *
Rasul's Market	250 *
Young's Restaurant	250 *
Totals	<u>\$4,020</u>

* cash payments

** Of the \$240, \$90 were in cash payments.

Upon reviewing the copies of the checks issued to Patricia Pratt which were provided to us by the advertisers, we determined (based on the endorsements) they were either deposited by her into her personal account, cashed at the bank from which the check was issued, or co-endorsed by her husband or son and deposited into their personal accounts. In an interview with Mrs. Pratt, she stated Superintendent Swindler told her she could keep checks from advertisers which were made out to her in exchange for personal expenses she incurred. However, Mrs. Pratt stated she had no receipts or other documentation for any disbursements made related to the newsletter. Upon interviewing Superintendent Swindler, he denied making such a statement and added he specifically instructed her that every expenditure required a receipt for reimbursement.

SUPPLEMENT TO THE SPECIAL AUDIT REPORT

After determining advertisers checks were deposited in Patricia Pratt's, her husband's, and her son's personal bank accounts, or cashed at advertisers' banks, we issued subpoenas to Farmers National Bank, Cavalier Federal Credit Union, Bank One and Home Savings & Loan requesting deposit transaction detail for accounts in the name of Patricia Pratt, Carmen Pratt Sr., and Carmen Pratt Jr. during the period January 1, 1998 through December 31, 1999. Both Home Savings & Loan Company and Bank One were unable to locate any accounts held in the name of Patricia Pratt or her husband or son during the period January 1, 1998 through December 31, 1999. Based on our review of documents provided by Farmer's National Bank for the period January 1, 1998 through December 31, 1999, we determined Patricia Pratt deposited 14 checks totaling \$725, which were issued by community newsletter advertisers to her, into her personal account. In addition to that, Mrs. Pratt made 21 unidentified cash deposits totaling \$2,490 into her personal account. Based on our review of documents provided by Cavalier Federal Credit Union for the period January 1, 1998 through December 31, 1999, we determined Carmen Pratt Sr. deposited 3 checks totaling \$230, which were issued by community newsletter advertisers to his wife, into his personal account. In addition, Mr. Pratt made 15 unidentified cash deposits totaling \$1,237 into his personal account.

FINDING FOR RECOVERY

24 newsletter advertisers provided copies of cancelled checks issued to Patricia Pratt, receipts for cash payments made directly to Patricia Pratt, or letters stating they made cash payments directly or indirectly to Patricia Pratt in the total amount of \$4,020 for advertisements placed in the newsletter. None of those payments from newsletter advertisers either directly or indirectly to Patricia Pratt were deposited in a District account. Also, for the period January 1, 1998 through December 31, 1999, Patricia Pratt and/or her husband deposited 17 checks totaling \$955, which were written by community newsletter advertisers to Patricia Pratt, into their personal accounts.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public money collected but not accounted for is hereby issued against Patricia Pratt, in the amount of \$4,975, and in favor of the District's Special Enterprise Fund 020.

NONCOMPLIANCE CITATION

Ohio Rev. Code § 9.38 requires in part that public officials deposit all public money received with the treasurer of the public office or a properly designated depository within 24 hours of collection.

Board policy *Cash in School Buildings* provides in part that all moneys collected will be receipted, accounted for and directed without delay to the proper location for deposit. In no case shall moneys be left overnight in school buildings, except in safes provided for safekeeping of valuables; even then, no more than a few dollars should be kept.

In the examination of the newsletter's receipts cycle, we identified a receipt that was dated February 14, 1998 with its corresponding canceled check dated February 12, 1998, that was not posted by the District until February 20, 1998. Moreover, after reviewing copies of 136 canceled checks that supported District receipts for moneys collected on behalf of the newsletter and determining when those canceled checks were deposited and posted to the ledger, we determined that those canceled checks were not deposited to the District's treasury and posted to the ledger for periods of between 2 and 69 days after the date the check was issued.

This situation leads to a loss of interest revenue on moneys not deposited into the District's designated depository account within the time frame specified by the aforementioned provisions and an enticement for theft.

We recommend that District employees deposit public moneys in accordance with Ohio Rev. Code § 9.38 and the Board policy that governs cash in school buildings.

SUPPLEMENT TO THE SPECIAL AUDIT REPORT

RECOMMENDATIONS

Policies and Procedures

Although the District should have collected \$25,020 of advertisement revenue on behalf of the community newsletter; only \$12,957 was deposited and posted to the District's community newsletter revenue account. Mrs. Pratt was responsible for collecting advertising revenue and depositing the revenue into the District's accounts. In an interview, Mrs. Pratt stated that new businesses or businesses having financial difficulties were sometimes not charged for advertisements. She further stated advertisers who paid for six months of advertisements received a seventh month of advertisement for free. Mrs. Pratt did not maintain any documentation which identified which advertisers were not charged for ads. The District did not have any Board policies that governed the operations of the community newsletter.

Policies that dictate the procedures to be followed with respect to the operations of the community newsletter are imperative to its accountability and success.

We recommend the District establish policies and procedures governing the collection of receipts and the disbursement of funds for the newsletter. We further recommend these policies and procedures be formally adopted by the Board.

Payments from Advertisers

Newsletter invoices instructed advertisers to submit payments to Patricia Pratt's home residence.

This situation could lead to a lack of revenue and accountability as payments from advertisers might not be collected and deposited by the District.

We recommend that all payments for advertisements be in the name of the District and sent directly to the District Treasurer's office.

Petty Cash

Expenditures made from petty cash included: paper clips, two boxes of Avery labels, scissors, glue sticks, notebooks and receipt books, staples (heavy duty), envelopes for invoices, white out, and get well and sympathy cards. These expenditures were listed on a notebook paper without the amounts expended or the dates of the expenditures. Since the account was not maintained in a structured manner, we could not determine the balance of the petty cash account at any point in time. Furthermore, no receipts were kept for petty cash expenditures and the account was not recorded in the District's accounting records or approved by the Board. The District did not have policy which governed the usage of petty cash accounts.

This situation could lead to improprieties in the petty cash account and a lack of accountability.

We recommend that the Board obtain and review Auditor of State Bulletin 99-019 that addresses the establishment of petty cash accounts. In part, this Bulletin states that as per Ohio Rev. Code §3313.291, the board of education of a school district may adopt a resolution establishing a petty cash account from which a designated district official may draw moneys by check signed by that official or by debit card for purchases made within the district. The Revised Code requires that the resolution establishing the petty cash account:

- specify the maximum amount of money placed in the account;
- designate the district officials who may draw moneys from the account or require the treasurer to designate such officials; and
- specify the requirements and procedures for replenishing the account.

SUPPLEMENT TO THE SPECIAL AUDIT REPORT

Advertisement Registers

The newsletter advertisement registers which supposedly listed all newsletter advertisers were not complete and did not identify the payers, when they paid, or the time frame the payments covered.

This situation could lead to advertisers receiving benefits of having their advertisement placed in the newsletter without paying for the ads, resulting in a loss of revenue for the newsletter. Moreover, special treatment could be granted to various advertisers or other improprieties could occur.

We recommend that the District establish and implement procedures to properly account for advertisers who have paid and that payment for advertisements placed in the newsletter shall be received in advance.

Receipts Issued to Advertisers

In a review of the receipts issued to advertisers, we noted the following weaknesses:

- 1 of the receipt books was not pre-numbered. This control provides accountability of all receipts issued.
- 14 receipts were missing from the receipt books.
- Of 29 receipts examined, 4 receipts were not dated.
- The District's revenue ledgers did not list payments from advertisers on an individual basis to readily trace the District's receipts to specific advertisement payments. The District totaled all newsletter advertisement payments during a period and posted one receipt to the ledger for that amount. As a result, we had to review deposit slips and other support documentation available to determine if an individual advertisement receipt was posted to the District's ledgers.

These situations could lead to a lack of accountability over newsletter receipts whereby improprieties could occur.

We recommend the Board review these matters and create a control policy and/or procedures that remedy these conditions including, but not necessarily limited to, requiring that all payments for newsletter advertisements and donations be handled through the Treasurer's office and receipts be recorded on an individual basis to ensure proper accountability.

Advertisement Price List

The price list and any discounts granted for advertisements placed in the newsletter were not approved by the Board.

This situation could lead to prices and discounts that are selective, differential or in disproportion to the benefits provided to other citizens.

We recommend that the Board approve a uniformed price structure for the newsletter that includes discounts, if the Board determines that such discounts are granted for the betterment of the newsletter and the District.



STATE OF OHIO
OFFICE OF THE AUDITOR

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WESTERN RESERVE LOCAL SCHOOL DISTRICT

MAHONING 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
JUNE 19, 2001**