



OHIO AUDITOR OF STATE
KEITH FABER



**PAINESVILLE CITY LOCAL SCHOOL DISTRICT
LAKE COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Report.....	1
Appendix	
Schedule of Finding for Recovery	4

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OHIO AUDITOR OF STATE KEITH FABER



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Painesville City Local School District
Lake County
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To Painesville City Local School District Board of Education; Dr. Joshua M. Englehart, Superintendent; Sherri Samac, Treasurer:

Background

The Auditor of State, Special Investigations Unit (SIU) conducted a criminal investigation and special audit of the Painesville City Local School District (the District) predicated on information received from the District regarding suspected theft by a former employee.

The investigation began in August 2021, after SIU received information from the District through the fraud hotline indicating their former Preschool Secretary, Brenda Kalina, was suspected of stealing approximately \$6,323 from the preschool's child care fees she collected. Ms. Kalina was also suspected of stealing \$4,600 from the Preschool's PTO account after recently receiving access to the account.

After the information obtained from interviews and preliminary examination of the District's preschool child care records were considered, a special audit was declared by the Auditor of State.

This engagement was conducted in accordance with the [Auditor of State Special Investigations Unit, Quality Standards](#).

Suspect

Brenda Kalina was hired by the District in September 1999 as a substitute aide and then became a childcare aide in September 2000. She held various positions in the preschool, including the Preschool Secretary beginning in 2009. Ms. Kalina was terminated from her position at the District on August 5, 2021.

Scheme

We defined our audit period (the Period) as covering September 1, 2019 through July 31, 2021 based on the earliest available receipt books for preschool child care fees during Ms. Kalina's employment. Ms. Kalina was responsible for collecting cash and check payments for preschool child care fees. She completed a duplicate receipt with the details of the transaction and her signature and subsequently a worksheet with the fees collected, which would be provided to the Treasurer's office after she deposited the funds. For 85 fees collected during the Period totaling \$6,323, a duplicate receipt was written; however, Ms. Kalina did not add the receipt to the worksheet and the money was not deposited.

Ms. Kalina was added as an authorized user for the Preschool's PTO bank account (a non-District account) on May 13, 2021, when the teacher in charge of the account retired from the District. Between June and July 2021, she made 10 cash withdrawals totaling \$4,600 in funds from this account. These withdrawals were evidenced by receipts with her signature, and they were not authorized.

Findings

Based on the special audit procedures and investigation, the Auditor of State confirmed the allegation that Brenda Kalina misappropriated the District's preschool child care fees over a span of approximately two years and the Preschool's PTO funds over the course of two months.

We issued a \$9,746 finding for recovery for misappropriated cash and audit costs during the Period. A finding for recovery could not be issued for the non-public PTO funds; however, these amounts have been repaid back to the PTO.

The full details of the finding for recovery are located in the Appendix.

Prosecution

At the conclusion of the special audit and investigation, a prosecution packet was presented to the Lake County Prosecutor.

On July 26, 2022, Brenda Kalina was indicted by the Lake County grand jury on three counts, including two counts of Theft in Office and one count of Grand Theft.

On September 29, 2022, Brenda Kalina entered a negotiated plea of an amended one count of Theft in Office, a felony of the third degree, in violation of Ohio Rev. Code § 2921.41(A)(1).

On November 8, 2022, the Honorable Judge Patrick Condon sentenced Brenda Kalina to two years of community control and ordered her to pay \$2,500 in restitution to the District and \$3,423.50 in restitution to the Ohio Auditor of State.

The exit conference was waived by the District; however, the District and Board Members were given five business days to respond to this special audit report. A response was received on February 6, 2023. A response was provided by District Treasurer, Sherri Samac and was evaluated in the final preparation of this report.



Keith Faber
Auditor of State
Columbus, Ohio

January 23, 2023



APPENDIX
SCHEDULE OF FINDING FOR RECOVERY

APPENDIX

FINDING FOR RECOVERY – REPAID UNDER AUDIT

Ohio Admin. Code § 117-2-01(D)(4) requires, in part, that entities plan for adequate segregation of duties or compensating controls. During the Period, Preschool Secretary, Brenda Kalina, was solely responsible for collecting cash and check payments for preschool childcare fees. Ms. Kalina completed a duplicate receipt with the name of the student, amount paid, type of payment, date, and her signature as the receipt issuer. Ms. Kalina then completed a Deposit Summary worksheet (worksheet) with the preschool childcare fees collected. She would then deposit the funds into the District's bank account and provide the worksheet and bank deposit receipt to the Treasurer's office for entry into the District's accounting system. There were no formal policies and procedures in place documenting the process to be followed for preschool childcare receipt collections.

Our analysis identified 85 receipts totaling \$6,323 collected by Ms. Kalina during the Period; however, the money collected was not posted to the District's accounting records and not deposited into the District's operating bank account.

On November 8, 2022, Ms. Kalina was ordered to pay \$2,500 in restitution to the District and \$3,423.50 in restitution to the Ohio Auditor of State in Lake County Common Pleas Court, Case No. 22CR000780.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a finding for recovery for public property converted or misappropriated is hereby issued against Brenda Kalina, in the amount of \$9,746, with \$6,323 in favor of Painesville City Local School District's General Fund and \$3,423 in favor of the Auditor of State's Office.

On December 8, 2022, and February 3, 2023, Ms. Kalina made full restitution to the District in the amounts of \$2,500 and \$3,823 respectively, which were deposited into the District's General Fund. On December 14, 2022, Ms. Kalina made full restitution to the Ohio Auditor of State, totaling \$3,423.50.

OHIO AUDITOR OF STATE KEITH FABER



PAINESVILLE CITY LOCAL SCHOOL DISTRICT SPECIAL AUDIT

LAKE COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 2/28/2023

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This report is a matter of public record and is available online at
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