



Dave Yost • Auditor of State





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## INDEPENDENT ACCOUNTANT'S REPORT

School Employees Retirement System  
McGladrey LLP  
1001 Lakeside Ave. E  
Suite 200  
Cleveland, Ohio 44114

We have examined the Lebanon City School District's management's assertion that the census data and pensionable wages reported to the School Employees Retirement System as of June 30, 2014, and for the year then ended was accurate and complete.

Management asserts that:

- The census data provided to the School Employees Retirement System as of June 30, 2014 is accurate and complete. Census data includes
  - First and Last Name;
  - Last four digits of the social security number;
  - Gender;
  - Date of Birth;
  - Contributions remitted to the plan;
  - Pensionable Compensation;
- The census data provided to the School Employees Retirement System as of June 30, 2014 included all enrolled employees.
- Census data changes occurring during the year ended June 30, 2014 to an enrolled employee's eligible compensation, were properly updated with School Employees Retirement System
- All employees required to be enrolled in the School Employees Retirement System were properly enrolled.
- The total pensionable wages and employee contributions information reported to School Employees Retirement System agrees with the payroll records of the employer.

Lebanon City School District's management is responsible for the assertions. Our responsibility is to opine on the assertions based on our examination.

Our examination followed attestation standards established by the American Institute of Certified Public Accountants and standards applicable to attestation engagements included in the Comptroller General of the United States' *Government Auditing Standards* and, accordingly, included examining, on a test basis, evidence supporting management's assertions and performing other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, management's assertions related to the accuracy and completeness of the census data and pensionable wages as described above provided to School Employees Retirement System as of and for the year ending June 30, 2014 are fairly stated in all material respects.

In accordance with Government Auditing Standards, we are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses in internal control; fraud and noncompliance with provisions of laws or regulations that have a material effect on the accuracy and completeness of the census data and pensionable wages; and any other instances that warrant the attention of those charged with governance; noncompliance with provisions of contracts or grant agreements, and abuse that has a material effect on the subject matter. We are also required to obtain and report the views of responsible officials concerning the findings, conclusions, and recommendations, as well as any planned corrective actions. We performed our examination to express an opinion on whether management's assertion regarding the accuracy and completeness of the census data reported to the retirement system is fairly stated, and not for the purpose of expressing an opinion on the internal control over the accuracy and completeness of the census data provided to the pension system, or on compliance and other matters; accordingly, we express no such opinions. Our examination disclosed certain findings that are required to be reported under Government Auditing Standards and those findings, along with the views of responsible officials, are described in the attached Schedule of Findings.

This report is intended solely for the information and use of Lebanon City School District's management, those charged with governance, School Employees Retirement System management, and McGladrey LLP and is not intended to be and should not be used by anyone other than these specified parties.



**Dave Yost**  
Auditor of State

Columbus, Ohio

November 21, 2014

**LEBANON CITY SCHOOL DISTRICT  
WARREN COUNTY**

**SCHEDULE OF FINDINGS  
YEAR ENDED JUNE 30, 2014**

**FINDING NUMBER 2014-001**

**Significant Deficiency**

Census data provided to the School Employees Retirement System (SERS) should be accurate and complete. The gender of one employee out of 30 employees selected for testing was inaccurately reported to SERS. The employee was reported as a male, but based on the employee's personnel records should have been reported as a female.

The District should implement procedures to ensure that the census data reported to SERS is accurate and complete for all employees.

**Management's Response:**

The employee demographic information is entered into the SERS online system at new hire and an error was made. Greater care will be taken in the future to ensure accuracy.

**FINDING NUMBER 2014-002**

**Material Weakness**

**Ohio Rev. Code, § 145.01(R)(1)**, states that "earnable salary" means all salary, wages, and other earnings paid to a contributor by reason of employment in a position covered by the retirement system. The salary, wages, and other earnings shall be determined prior to determination of the amount required to be contributed to the employees' savings fund under section 145.47 of the Revised Code and without regard to whether any of the salary, wages, or other earnings are treated as deferred income for federal income tax purposes.

In fiscal year 2014, the District paid a one-time lump sum one-half of one percent raise to all employees on June 20, 2014. The District did not withhold SERS from this one-time payment for 39 employees. As a result, contributions for these individuals were \$371 less than the amount of contributions that should have been paid into the system. Employee contributions for fiscal year 2014 to the pension system by the District totaled \$700,339.

Failure to report proper earnable salary for employees could result in improper amounts being reported to the pension system.

The District should implement procedures to ensure that the proper earnable salary is being reported to the pension system for all employees.

**Management's Response:**

One-time lump sum payments are infrequent and an error was made in the software settings for SERS withholding for some individuals who previously had a lump-sum payment in the past. If an employee was already set-up with a lump-sum payment, the previously created job was used instead of creating a new job for all individuals. In some cases, the previously created job was not correctly set-up to withhold SERS. We have reviewed all individuals who received the payment to determine if SERS was withheld and any discrepancies will be corrected. In the future, the lump-sum payment settings will be reviewed in the payroll process to determine if the correct withholdings are selected for the payment.

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**LEBANON CITY SCHOOL DISTRICT - SERS**

**WARREN 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  
DECEMBER 2, 2014**