



**Auditor of State
Betty Montgomery**

**CITY OF NEW LEXINGTON
PERRY COUNTY**

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

City Council and
Janine Conrad, Mayor, and
Jeffrey L. Newlon, Chief of Police
City of New Lexington
Perry County
125 South Main Street
New Lexington, Ohio 43764

We have performed the procedures enumerated below as of October 14, 2005, which were agreed to by City Council, for the purpose of reviewing payroll and leave records for Vicki Morgan. We followed the American Institute of Certified Public Accountants' attestation standards for agreed-upon procedures engagements. The sufficiency of the procedures is solely the responsibility of City Council. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. Our procedures were as follows:

Vicki Morgan Payroll

We compared the amounts paid to former employee Vicki Morgan during the period of December 19, 2002 to December 29, 2004 for payroll from the Bi-Weekly Payroll Report (PAYRPT) and canceled checks (where available) and compared it to the amount authorized upon her employment in said position and under the union agreement in effect during that period for her position.

The amount of gross pay attributed to the checks actually paid to Vicki Morgan per the Bi-Weekly Payroll Report and cancelled checks (where available) exceeded the amounts permissible in the AFSCME Union Agreement and Ordinance Number 04-06 salary schedules by \$9,398.39. This excess amount was attributable to overtime paid without proper pre-approval. Accordingly, a finding for recovery will be issued against former employee Vicki Morgan, as disclosed in Exhibit 1.

Vicki Morgan Leave Balances

We recomputed leave balances for former employee Vicki Morgan from her hire date of March 3, 2000 until her termination date of February 11, 2005. Accrued leave was based on amounts set forth in the Union contracts. Leave used for the period was based on employee leave forms, time sheets, payroll reports indicating leave buyback, and attendance calendars maintained by the Chief of Police and Administrator's Secretary.

Leave balances were determined to be negative for Sick Leave (-106.6325 hours) and Compensatory Time (-101 hours). We offset the total deficit of 207.6325 hours with the balance of vacation leave (96.926 hours) to arrive at a total leave hours deficit of 110.71 hours. This results in \$1,131.42 due the City from Vicki Morgan. Accordingly, a finding for recovery will be issued against former employee Vicki Morgan, as disclosed in Exhibit 2.

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Overtime Hours Charged

We compared overtime hours charged by former employee Vicki Morgan during the period of December 19, 2002 to December 29, 2004 to corresponding time sheets and dates when Mayor's Court was in session.

Vicki Morgan charged a total of 689.5 overtime hours during the period of December 19, 2002 to December 29, 2004. Of these, 593 hours were determined not to have been required/approved by her supervisor. The calculation for this amount is included in the above analysis of Vicki Morgan's payroll and Exhibit 1.

Altered or Falsified Documents

We were requested to inspect time sheets, leave forms, and doctor's excuses for alterations or falsification. This inspection was completed by personnel from the Auditor of State's Special Investigation and Audit Units and the New Lexington Police. Interviews of the signing authority on these documents were also conducted. The documents in question require a forensics expert to determine if the questioned documents have been altered or forged. The Bureau of Criminal Identification and Investigations requires a law enforcement agency to submit the documents for a forensic examination; this will be done by the New Lexington Police. The analysis generally takes several weeks to complete which will cause further delay in the completion of the investigative effort. The results of this testing will be reported in a separate letter.

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

This report is intended solely for the information and use of the addressee listed above and is not intended to be, and should not be used by anyone else.



Betty Montgomery
Auditor of State

March 24, 2006

Exhibit 1

Finding for Recovery

Article 9, Section 2 of the City of New Lexington AFSCME Union Agreement, effective December 23, 2000 through December 22, 2003, states: "When an employee is required by the employer to be in active pay status for more than forty (40) hours in a work week, he/she shall be compensated with overtime pay or compensatory time for such time over forty (40) hours at the rate of one and one half times his/her regular hourly rate for each one hour, or fraction thereof, of overtime worked. Compensation shall not be paid more than once for the same hours under any provision of this Article or Agreement." Although the AFSME Union Agreement expired on December 22, 2003, on February 27, 2004 the City passed Ordinance # 04-06 establishing new pay rates for employees and a new duration for employees' contracts, but maintaining all other parts of the prior Agreement. The parts of the Union Agreement to be maintained for employees includes Article 9 as stated above, among other parts of the Agreement not specifically mentioned in the body of Ordinance # 04-06.

Vicki Morgan's rate of pay pursuant to the Union Agreement and Ordinance Number 04-06 varied due to different positions in the City held by Ms. Morgan during the period of December 19, 2002 to December 29, 2004. A total of 689.5 overtime hours were charged by Vicki Morgan during this time period. Of these, 573 hours were determined not to have been required/approved by her supervisor. This resulted in \$9,398.39 being overpaid to Vicki Morgan, based on her rate(s) of pay at time and one half. Ms. Morgan was bonded from the period of February 13, 2004 to February 13, 2005.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Vicki Morgan and The Western Surety Company, her bonding company, jointly and severally, in the amount of four thousand one hundred ninety-seven dollars and twelve cents (\$4,197.12) and in favor of the General Fund of the City of New Lexington. This finding for recovery covers the period February 13, 2004 through December 29, 2004.

Additionally, in accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Vicki Morgan in the amount of five thousand two hundred one dollars and twenty-seven cents (\$5,201.27) and in favor of the General Fund of the City of New Lexington. This finding for recovery covers the period December 19, 2002 through February 12, 2004.

Exhibit 2

Finding for Recovery

Article 11, Sections 3 and 4 of the City of New Lexington AFSCME Union Agreement, effective December 23, 2000 through December 22, 2003, states: "All permanent employees shall be entitled to paid sick leave at the rate of 4.6 hours for each completed eighty hours of service for personal illness or for illness in his immediate family. Sick leave may be accumulated without limit. An employee has the option of receiving payment in cash for unused sick leave hours at the end of the twenty-fourth pay period of each calendar year, provided such employee was entitled to sick leave benefits during the previous calendar year and who is otherwise eligible and is in paid status or on authorized leave without pay at the end of the twenty-fourth pay period."

Article 15, Section 1 of the City of New Lexington AFSCME Union Agreement, effective December 23, 2000 through December 22, 2003, states: "All employees will be entitled to annual vacation leave with pay, to be calculated on the date of hire. Any employee with one year or more but less than five years of service is to receive a vacation allowance of eighty hours." Although the AFSME Union Agreement expired on December 22, 2003, on February 27, 2004 the City passed Ordinance # 04-06 establishing new pay rates for employees and a new duration for employees' contracts, but maintaining all other parts of the prior Agreement. The parts of the Union Agreement to be maintained for employees includes Articles 11 and 15 as stated above, among other parts of the Agreement not specifically mentioned in the body of Ordinance # 04-06.

Vicki Morgan's rate of pay pursuant to the Union Agreement and Ordinance Number 04-06 varied due to different positions in the City held by Ms. Morgan during the period of March 3, 2000 to February 11, 2005. During this time period, Vicki Morgan received sick leave hours based on her overtime paid on her biweekly check. When recalculated, Vicki Morgan was not entitled to all the leave that had been accrued [See Exhibit 1]. Ending balances in her leave accounts for each type of leave, including vacation, sick and compensatory, reflected an overall negative balance at the date of separation. Sick leave time was used that was not available. Compensatory time was used that was not available for Ms. Morgan to have earned. Vacation leave balances were used to offset the negative balances in the sick leave and compensatory time categories, but a negative balance of 110.71 hours was still present. This amounted to \$1,131.42, based on her rate of pay as of February 11, 2005. Ms. Morgan was bonded from the period of February 13, 2004 to February 13, 2005.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Vicki Morgan and The Western Surety Company, her bonding company, jointly and severally, in the amount of one thousand one hundred thirty-one dollars and forty-two cents (\$1,131.42) and in favor of the General Fund of the City of New Lexington.



**Auditor of State
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CITY OF NEW LEXINGTON

PERRY 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
MAY 23, 2006**