



Dave Yost • Auditor of State

**Mansfield City School District
Richland County, Ohio**

Report on Accounting Methods

Local Government Services Section

**Mansfield City School District, Richland County
Report on Accounting Methods**

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CERTIFICATION

On December 17, 2013, the Mansfield City School District was declared to be in fiscal emergency. Section 3316.10(A), Revised Code, requires that after the declaration of the existence of a fiscal emergency, the Auditor of State shall issue a report assessing the methods, accuracy and legality of the accounts, records, files, and reports. This report shall indicate whether the School District is in compliance with Section 117.43, Revised Code and the requirements of the Auditor of State.

Therefore, pursuant to Section 3316.10(A) of the Revised Code, a “Financial Accounting Report” is hereby submitted and certified to the Financial Planning and Supervision Commission and the Board of Education of the Mansfield City School District.

Section 3316.10(A), Revised Code requires that the Board of Education of the Mansfield City School District comply with the orders of the Financial Planning and Supervision Commission relating to the development of an effective financial accounting and reporting system by promptly bringing its existing system of financial accounting and reporting into compliance with Section 117.43 of the Ohio Revised Code.

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DAVE YOST
Auditor of State

June 2, 2015

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Mansfield City School District – Richland County

Financial Accounting Report

Purpose

As required by Section 3316.10(A), Revised Code, the Auditor of State "...shall issue a preliminary report with respect to the methods, accuracy and legality of the accounts, records, files and reports of the school district. This report shall state whether section 117.43 of the Revised Code and the requirements of the Auditor of State have been complied with..."

Accordingly, this report addresses the following: (1) whether the current accounting system fulfills the needs of the Mansfield City School District, and (2) whether the current accounting system is in compliance with Section 117.43 of the Revised Code and the requirements of the Auditor of State.

This report presents in narrative form the major transaction cycles of the School District and certain other key activities that affect the accounting and reporting functions. Each section of the report identifies the key elements necessary for an effective system, the related requirements from the Ohio Revised Code and the Ohio Administrative Code, the School District's process, and the Auditor of State's comments for correction or improvement. Information for this report was obtained by interviewing School District personnel, observing operations, and reviewing pertinent accounting, financial and budgetary records.

This report is intended solely for the use of the Financial Planning and Supervision Commission of the Mansfield City School District. We were not engaged to, and did not perform an examination, the objective of which would be the expression of an opinion on the adequacy of the accounting system. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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Governance Overview

Mansfield City School District (the School District) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. Prior to the School District being declared in a state of fiscal emergency, it was operated under a locally-elected five-member Board of Education (the Board) and provided educational services mandated by the State and Federal agencies.

On December 17, 2013, the School District was declared in a state of fiscal emergency by the Auditor of State. A Financial Planning and Supervision Commission (the Commission) was established under Ohio Revised Code Section 3316.05. Commission membership is as follows:

1. The director of budget and management or a designee;
2. The superintendent of public instruction or a designee;
3. A resident of the School District with knowledge and experience in financial matters and whose principal place of professional or business activity is situated within the School District, appointed by the Mayor;
4. A resident of the School District with knowledge and experience in financial matters and whose principal place of professional or business activity is situated within the School District, appointed by the Governor; and
5. A parent with a child enrolled in the School District appointed by the State superintendent of public instruction.

The Financial Planning and Supervision Commission, under Ohio Revised Code Sections 3316.06 and 3316.07, is given the authority to assume complete managerial control of the Mansfield City School District. Under Section 3316.06(A)(2) of the Ohio Revised Code, the Commission is to specify the level of fiscal and management control that the Commission will exercise within the School District during the period of fiscal emergency and enumerate respectively, the powers and duties of the Commission and the duties of the Board during that period.

The powers, duties and functions of the Commission may include:

1. Reviewing or assuming responsibility for the development of all tax budgets, tax levies and bond and note resolutions, appropriation measures, and certificates of estimated resources, to ensure they are consistent with the financial recovery plan;
2. Inspecting and securing pertinent documents;
3. Reviewing, revising and approving determinations and certifications affecting the School District made by the County Budget Commission or the county fiscal officer;
4. Bringing civil actions to enforce fiscal emergency provisions;
5. Implementing steps necessary to bring accounting records, accounting systems and financial procedures and reports into compliance with the Auditor of State's rules;
6. Assuming responsibility for all debt issues;
7. Making and entering into all contracts necessary or incidental to the performance of its duties;
8. Implementing cost reductions and revenue increases; and,
9. Developing a financial recovery plan

The Commission has defined the level of fiscal management and control that the Commission will exercise within the School District during the period of fiscal emergency as required under Section 3316.06(A)(2) of the Ohio Revised Code. The complete role of the Commission has been addressed in the financial recovery

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plan adopted on April 22, 2014, and includes the power to approve contracts entered into by the Mansfield City School District for personal services and employment contracts for all positions other than temporary positions and all purchases in excess of \$5,000.

The Commission will continue in existence until the Auditor of State, or the Commission itself, determines that:

1. An effective financial accounting and reporting system is in the process of being implemented, and is expected to be completed within two years;
2. All of the fiscal emergency conditions have been corrected or eliminated, and no new emergency conditions have occurred;
3. The objectives of the financial recovery plan are being met; and
4. The School District Board has prepared a financial forecast for a five-year period and such forecast is, in the Auditor of State's opinion, "nonadverse".

Once these requirements are satisfied and certified to the Commission, the Governor, the Director of Budget and Management, and the County Budget Commission, the activities of the Commission will be terminated. Upon termination of fiscal emergency and the Commission, all responsibility for the management of the School District will revert to the locally-elected School Board.

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Budgetary Process

Description of an Effective Budgetary System

The legally adopted annual budget plays a unique and central role in determining the amount and type of financial resources that shall be raised, and how those financial resources shall be spent. Annually, a budget consisting of estimated revenues and expenditures for each fund for the next fiscal year should be presented to the governing body with sufficient time for review and public input. The budget should identify the major sources of revenues and the programs, activities and major objects of expenditures. The budget should encompass current operations and maintenance, capital acquisition and replacement, and debt retirement. The budget, once approved by the governing body, should be the basis for the appropriation measure. The appropriation measure should identify by fund the amount of resources authorized to be expended for the various governmental functions and programs. The amount appropriated for each fund should not exceed the estimated resources available in that fund for the year. The estimated revenues and appropriations should be integrated with the accounting system to ensure and demonstrate compliance with the budget and allow for ongoing and timely information on unrealized revenues and balances available for expenditure.

Statutory Requirements

The budgetary process is prescribed in Chapter 5705, Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution.

Tax Budget: Prior to January 15, the Board is required to adopt an annual tax budget for the fiscal year commencing the following July 1. The budget should include proposed expenditures and the means of financing the expenditures for all funds other than agency funds. Public hearings should be publicized and conducted to obtain taxpayers' comments. The primary purpose of this budget document is to demonstrate the need for existing (or increased) tax rates. By no later than January 20, the Board-adopted budget is filed with the county budget commission for rate determination.

Estimated Resources: By April 1, the Board accepts, by formal resolution, the tax rates as determined by the county budget commission and receives the commission's official certificate of estimated resources which includes the estimated beginning unencumbered fund balance and the estimated revenue of each fund. Prior to June 30, the school district must revise its budget so that total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year; however, any reserve balance account and the principal of any permanent fund is to be excluded. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the Treasurer.

Appropriations: Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certification stating no new certificate is necessary, the annual appropriation measure must be legally enacted by the Board. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the school district. The appropriations established for each fund must be within the most recent certificate as certified by the county budget commission and the total of expenditures and encumbrances may not exceed the appropriations at the legal level of control. Any revisions that alter appropriations at the legal level of control must be approved by the Board. The Board may pass supplemental fund appropriations provided the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources.

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No appropriation measure shall become effective until the County Auditor files with the appropriating authority a certificate that the total appropriations from each fund, taken together with all other outstanding appropriations, do not exceed the official estimate or amended official estimate. When the appropriation does not exceed the official estimate, the County Auditor shall give a certificate forthwith upon receiving from the appropriating authority a certified copy of the appropriation measure.

Encumbrances: As part of formal budget control, purchase orders, contracts, and other commitments for the expenditure of monies are encumbered and recorded as the equivalent of expenditures in order to reserve that portion of the applicable appropriation and/or maintain legal compliance with the adopted appropriations.

Legal Level of Control: The legal level of control is the level at which spending in excess of budgeted amounts would be in violation of law. This is established by the level at which the Board appropriates. For school districts, Section 117-6-02 of the Ohio Administrative Code sets the minimum legal level of control at the fund level and recommends that a Board pass appropriations at a more detailed level. The legal level of control is a discretionary decision to be made by the Board based on the degree of control the board wishes to maintain over the financial activity of the school district.

Certification of Adequate Revenue: Certification of adequate revenues involves two types of certifications. Certification of routine items under Section 5705.41, Revised Code, is addressed in the Purchasing Process section of this report. Section 5705.412, Revised Code, requires the school district to certify, prior to entering into a qualifying contract, that payment of the obligation will not affect the school district's ability to maintain all personnel and programs for the term of the contract. The certificate is to be attached to the qualifying contract and signed by the Treasurer, Superintendent, and President of the Board. If the school district is in a state of fiscal emergency, the certificate shall be signed by a member of the school district's Financial Planning and Supervision Commission who is designated by the Commission for this purpose. The certificate is to be attached to any qualifying contract.

A qualifying contract means any agreement for the expenditure of money under which aggregate payments from the funds included in the school district's five-year forecast under Section 5705.391 of the Revised Code will exceed the lesser of five hundred thousand dollars or one percent of the total revenue to be credited in the current fiscal year to the school district's general fund, as specified in the school district's most recent certificate of estimated resources.

A certificate of adequate revenues is also to be attached to each appropriation measure of the current year. The certification shall not consider the renewal or replacement of an existing levy in the current fiscal year unless the renewal or replacement levy has been approved by the electors and is available for appropriation in the current fiscal year. This certificate is not required to be attached to a temporary appropriation measure if (1) the amount appropriated does not exceed 25 percent of the total amount from all sources available for expenditure from any fund during the preceding fiscal year; (2) the measure will not be in effect on or after the thirtieth day following the earliest date on which the school district may pass an annual appropriation measure; and, (3) an amended official certificate of estimated resources for the current year, if required, has not been certified to the Board under division (B) of section 5705.36 of the Revised Code.

Five-year Financial Forecast: Section 5705.391, Revised Code, requires school districts to include five-year projections of operational revenues and expenditures in a five-year forecast. Under Section 3301-92-04 of the Ohio Administrative Code, school districts are to submit the projections to the Ohio Department of Education. The projection must contain the information and be in a format prescribed by the Ohio Department of Education and Auditor of State. The projection includes three years of historical revenues and expenditures and a projection of revenues and expenditures for the current fiscal year and the ensuing four fiscal years. The projection is filed upon the adoption of an annual appropriation measure, but no later than October 31. A

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school district is required to update its five-year projection between April 1 and May 31 and submit it to the Ohio Department of Education. Nothing precludes a school district from filing other updates to its five-year projection at any time in addition to the required filings.

The Ohio Administrative Code links the ability to certify under section 5705.412 of the Revised Code to the five-year forecast. Under Section 3301-92-05(F) of the Ohio Administrative Code, each school district shall maintain sufficient documentation to justify each certification made under section 5705.412 of the Revised Code, and must identify the actual date of certification. Each school district shall maintain a continuing record of the contracts that have been certified. This record includes, but is not limited to, vendor name, contract amount, contract amount allocated by year, purchase order number and date. All information, records and documentation used to estimate available resources or any change made to the five year projection including, but not limited to, the current annual estimate of State funding, property tax calculations, fee schedules and average daily membership calculations shall be retained by the school district and be made available to the Auditor of State or the independent public accountant at the time the school district is audited pursuant to Section 117.11 of the Revised Code.

Section 3301-92-05(G) indicates the ability to certify under Section 5705.412 of the Revised Code is based on the current five-year projection. The assumptions underlying the decision to proceed with the obligation or contract to be certified must be the same assumptions supporting the amounts presented in the current five-year projection. If the revenue assumptions or the revenue estimates used to support the ability to certify under Section 5705.412 differ from the current five-year projection, the projection needs to be updated to reflect the new information. If the certificate is associated with a contract or obligation that results in additional costs or changes in the expenditure assumptions in the current five-year projection, the projection must be updated to reflect the new information. If adding the new expenditures created by an obligation or contract causes a fiscal year end deficit in the projection, then the obligation or contract may not be certified. Any change to the five-year projection must be approved by the Board. Each school district must maintain sufficient documentation to support these changes.

Responsibility for the preparation of the forecast, the accuracy of the presented figures and the reasonableness of the assumptions on which they are based rests with the school district administration and the Board. The automatic retrieval of historical data by the school district's accounting system does not relieve the school district of the responsibility for insuring that those numbers are reasonable and accurate.

Administrative Code Requirements: All local public offices should integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and remaining uncommitted balances of appropriations.

School District's Budgetary Process

The School District's Board approved policies regarding the budgetary process provide that annual appropriations shall be developed, approved and filed according to State statute and the requirements of the Auditor of State. The Board adopts as part of its annual appropriation measure a spending plan setting forth a five year projection of revenue and expenditures of the general fund. The appropriation measure shall be adopted at the fund level for all funds. According to policy, the Treasurer is required to report any occurrences of non-compliance with Ohio Budgetary Law and the corrective action needed or taken to prevent further occurrences as part of the Treasurer's monthly report to the Board.

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Prior to January 15, the Board must adopt a tax budget for the fiscal year commencing the following July 1. The Treasurer prepares the tax budget and presents it to the Board for adoption. This budget includes proposed expenditures and the means of financing the expenditures for all funds other than agency funds. The Board meeting in which the Treasurer presents the tax budget to the Board for approval also functions as a public hearing to obtain taxpayer comments. Once the budget is adopted, it is filed with the Richland County Budget Commission no later than January 20. The tax budget for fiscal year 2015 was adopted by the Board on January 7, 2014, and filed with the Budget Commission the following day. The Budget Commission determines the amount of millage and calculates the estimated revenue by levy.

On March 18, 2014, the Board accepted, by resolution, the tax rates as determined by the Budget Commission and received the Budget Commission's certificate of estimated resources for fiscal year 2015.

After the close of the fiscal year, the Treasurer takes the fiscal year-end balances and generates an amended certificate using state software and submits it to the County Auditor for the next fiscal year. The County Auditor will review the amended certificate and sign it. If there are any changes, the County Auditor will issue a new amended certificate. Adjustments to the amended certificate are entered into the accounting system when received.

On June 30, 2014, the Board adopted a temporary appropriation measure, at the fund level for all funds, prior to the start of the new fiscal year. The temporary appropriations are set at 25 percent of the prior fiscal year's expenditures. The School District operates under the temporary appropriation measure until a permanent appropriation measure is adopted. The permanent appropriation measure was adopted on July 30, 2014.

The Treasurer prepares appropriations based upon prior years' history and currently known facts. The Treasurer submits permanent appropriations to the budget commission and requests a corresponding amended certificate of estimated resources for any new or additional estimated revenue available for appropriation. Throughout the year, the Board approves additional appropriations as needed. However, additional amended certificates are only requested periodically, rather than each time appropriations change. Before the end of the fiscal year, the Treasurer submits the final appropriation measure to the budget commission and at the same time submits a request for a final amended certificate of estimated resources. The Treasurer receives a certificate from the County Auditor certifying that appropriations from each fund do not exceed the official estimate of resources. The Treasurer stores this certificate and the amended certificate in binders and files them in her office as long as space permits, at which time they are moved to storage. The Treasurer regularly prepares 412 Certificates to certify that the School District has sufficient revenue to support those appropriations.

Appropriations for all student activities are set at the fund level in the appropriation measure. At the beginning of the year, the Board approves those student activity programs it wishes to be operational. Forms are completed by the activity advisor in the high school and by the building principal in elementary and middle school buildings. The form identifies the activity, purpose, planned fundraisers, fund balance at the start of the fiscal year, total estimated revenues, total estimated expenditures and estimated fund balance at the end of the fiscal year. Student activities never have any more or less resources available to them than they have put there themselves.

All Board approved temporary and permanent appropriations are entered into the computer system after they are passed. The School District submits permanent appropriations to the County Auditor and therefore receives a certificate from the County Auditor that appropriations from each fund do not exceed the official estimate of resources. If additional or new appropriations are passed, the amounts are entered into the system by the Treasurer.

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Once per month, the Treasurer uses system reports to update a spreadsheet comparing forecasted to actual revenues and expenditures for funds included in the five-year forecast, however, a comparison of all funds is not done. When appropriations change, the Board is presented with a form showing the fund, function, object and amount of the change, as well as the reason for the change. The Board is not supplied with a comparison of estimated resources and appropriations when budgets change.

Each year the Treasurer prepares a five-year forecast, including assumptions, that is approved by the Board, the Commission and the Ohio Department of Education Consultant, and filed with the State Department of Education by October 31. An updated five-year forecast is filed by May 31. The forecast is filed electronically through the School District's A-site. The Treasurer keeps the five-year forecast on file in her office with the documentation that was used to prepare the forecast.

Auditor of State Comments

1. The Treasurer compares appropriations to estimated resources; however, this comparison is not documented. The Treasurer should document the comparison of appropriations to estimated resources. This comparison should be presented to the Board upon request for supplemental appropriations demonstrating the effect of the supplemental appropriations and compliance with budgetary requirements, if adopted.
2. The Board adopts appropriations as needed, but amended certificates of estimated resources are requested periodically. Appropriations should be limited to the estimated resources reflected on the amended certificate at the time of adoption. Prior to appropriating the additional or new resources, the Treasurer should request an amended certificate based on reasonable estimates and/or actual receipts.

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Revenue Activity

Description of an Effective Method for Recording Receipts

The receipting process should allow for the consistent classification and identification of each receipt. All receipts should be promptly recorded, safeguarded and deposited at least daily. A pre-numbered, multi-part receipt form or a system generated receipt form should be issued for any payment received by departments. The receipt should bear the name of the entity and reflect the date received, the payer, the amount, the purpose/nature of the receipt and the signature or name of the person preparing the receipt. Departmental receipts should be summarized and remitted to the fiscal office daily. The fiscal office should issue pay-ins to those departments depositing daily collections to the fiscal office and for any payments received by the fiscal office. The pay-in forms should be a multi-part, pre-numbered form that bears the name of the entity, the date received, the payer, the amount, the purpose/nature of the receipt, the account code and the signature or name of the person preparing the pay-in. Supporting documents should be attached to a copy of the pay-in and filed numerically or by payer. All pay-ins should be recorded in the cash journal and receipts ledger in a timely manner.

Statutory Requirements

Section 9.38, Revised Code provides that a person who is a public official, employee, or agent shall deposit all public moneys received by that person with the Treasurer of the public office or properly designated depository on the business day next following the day of receipt, if the total amount of such monies received exceeds one thousand dollars. If the total amount of the public monies received does not exceed one thousand dollars, the person shall deposit the monies on the business day next following the day of receipt, unless the public office of which that person is a public official adopts a policy permitting a different time period, not to exceed three business days next following the day of receipt, for making such deposits, and the person is able to safeguard the monies until such time as the monies are deposited. The policy shall include provisions and procedures to safeguard the public monies until they are deposited. If the public office of which the person is a public official is governed by a legislative authority, only the legislative authority may adopt such a policy.

Section 3313.642 (C), Revised Code states boards of education may adopt rules and regulations prescribing a schedule of fees for materials used in a course of instruction, and prescribing a schedule of charges which may be imposed upon pupils for the loss, damage, or destruction of school apparatus, equipment, musical instruments, library material, textbooks, or electronic textbooks required to be furnished without charge, and for damage to school buildings, and may enforce the payment of such fees and charges by withholding the grades and credits of the pupils concerned.

School District's Receipt Process

The School District's primary sources of revenues include property taxes collected and remitted by the County Auditor and Treasurer, State Foundation program revenues, and Federal and State grants (both of which are remitted to the School District from the Ohio Department of Education). The School District also collects student fees and admissions for athletic events at the various school buildings and charges for school lunches served in their cafeterias. Monies are received by the School District via electronic transfer, in the mail, and through various cash collection sites throughout the School District. The Board policy on the deposit of public funds states that monies collected must be deposited with the Treasurer on the business day following the date of receipt if the monies exceed \$1,000. If monies collected do not exceed \$1,000, they must be deposited with the Treasurer within three business days. The Board policy on bonding states that the District shall bond certain employees as determined by the Board and that all other employees handling money shall be covered under a blanket bond. All employees that handle money are covered through the School District's liability insurance. The Treasurer, the Superintendent, and Board members are individually bonded.

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The process in the Treasurer's Department for the recording of receipts begins with one of the Executive Assistants of Accounts Payable filling out a manual (paper) receipt form based on the information on the deposit breakdown form coming in from another department, or filling out the manual receipt form based on the funds directly received by the Treasurer's Department. The receipt form has three copies, white, pink and yellow. The deposit breakdown is stapled to the back of the pink copy, which stays in the original book and is given to the Executive Assistant to the Treasurer. Typically once a day, the Executive Assistant to the Treasurer keys the receipts into the system based on the pink receipts. System receipt numbers are assigned according to a handwritten receipt register. After keying in the receipts for the day, the Executive Assistant to the Treasurer runs a system report called a receipt list, which shows the receipt amounts entered for the day, and verifies that receipts match the receipt list report and check marks the amounts on the report. The yellow copy of the corresponding receipt form is stapled to this report. The system receipts and bank deposit tickets are filed in the Treasurer's Department. The white copy of the pay-in order is sent to the originator school for their records and verification. If the originator is the Treasurer's Department, the white copy of the pay-in order is filed in the Treasurer's Department in the Executive Assistant to the Treasurer's office with the corresponding file, such as State Foundation or property taxes. The Treasurer reviews monthly REVSUM reports for the general fund. The Treasurer can also see summarized monthly receipt information for other funds from FINSUM reports.

Building Receipts: Various employees handle receipts at the six school buildings. Athletic receipts are turned in to the Athletic Director. Student activity receipts and school fees/fines are turned in to the school secretaries. The daily receipts are secured in each school's safe overnight. Once a day, the school secretary fills out a deposit breakdown form for monies received. The deposit breakdown includes the date, dollar amount of the receipt, a description of the receipt and the revenue account code for posting. The school secretary also prepares a bank deposit slip and places the monies, deposit slip, and deposit breakdown in a money bag. The school secretary locks the money bag, but does not have a key to unlock the bag. The Pony Driver (the School District's internal mail person) picks up any money bags that are ready and takes them to the bank. The bank leaves the deposit breakdown forms in the bags and places the bank receipt in the bags. The Pony Driver picks up the bags from the bank and brings them to the Treasurer's Department where an Executive Assistant of Accounts Payable checks to make sure that the deposit receipts amounts match the deposit breakdown forms, and the receipt process described above is followed.

Athletic Event Receipts: The School District charges an admission fee for high school and middle school athletic events, including football, volleyball, soccer, swimming, basketball, wrestling invitationals, and track invitationals. The ticket sellers are usually paid adults, who may or may not be employees of the School District. When a ticket is sold, a ticket is given to the buyer. For boys' basketball and football games, tickets are taken by a separate ticket taker to allow admittance into the game. The unsold tickets (tickets are pre-numbered) are kept in a locked cabinet in the Athletic Office, which is also locked when no one is in the office.

A designated ticket seller is responsible for counting the money and completing the Ticket Sales Report form which is used to reconcile cash received to tickets sold. This form includes the type of event, date, ticket type (student, adult, special admission, or complimentary), ticket color, ending ticket and beginning ticket numbers, ticket price, amount of starting change and the signature of the ticket seller. Beginning and ending tickets are attached to the report. The Ticket Sales Report is checked and initialed by a second individual, generally the Athletic Director or the Assistant Athletic Director. The Athletic Director or Assistant Athletic Director also fills out and signs a deposit breakdown form.

The deposit either is taken to the bank immediately, typically to be deposited in a night deposit box, or is locked in the safe in the Athletic Office until it can be deposited. If the deposit is not taken to the bank that same day, it is generally deposited within 24 hours of the conclusion of the athletic event. The safe is in a

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locked room in the Athletic Office and is not visible to the public. The deposit breakdown form is submitted to the Treasurer's Department along with the bank deposit ticket and the receipt process described above is followed.

Student Activity Receipts: For student fundraisers, the sponsor/advisor first fills out the top section of a Sales Project Potential form and signs the form. The Sales Project Potential form includes the school year, project number, school/organization, project title, representative, quantity to be ordered, cost per unit, and the proposed sale price. If approved, the form is signed by the school principal and the Superintendent. A copy of this form is then sent to the Treasurer's Department.

The club's treasurer, along with the student activity advisor, collects money from the club members participating in the activity and counts the money. The club treasurer and the student activity advisor turn in the money to the school secretary along with a two-copy pay-in form on the same day the money is collected. The school secretary re-counts the money, completes the bottom section of the pay-in form, writes a receipt, and prepares the money for deposit at the bank. The white copy of the pay-in form and the white copy of the receipt are given to the person turning in the money. The secretary keeps the yellow copies.

Once the fundraiser is completed and all monies have been deposited, the student activity advisor fills out the lower section of the Sales Project Potential form which lists the amount of total sales, the cost of goods sold and the amount deposited with the Treasurer. If any goods are not sold, this is noted on the form. The student activity advisor must sign this lower section of the Sales Project Potential form and submit it to the building principal, Superintendent, and Treasurer for approval. The form is filed in the Treasurer's Department.

The School District holds various fundraisers. For most fundraisers, goods are only ordered after customer orders and money have been collected. Goods are ordered ahead of time for candy sale fundraisers. In a candy sale fundraiser, the student activity advisor pays for and picks up the boxes of candy. The student activity advisor only buys as many boxes as are expected to be sold. If more candy is needed as the fundraiser continues, the student activity advisor will return to the store and purchase additional boxes. If any candy is left over, it is kept as inventory to be sold in the near future.

The Board policy on student fund-raising details the approval required for various types of fund-raising and prohibits advisors from accepting compensation from vendors.

Receipts from Student Fees and Fines: All students are charged student fees. Elementary and middle school students pay a flat fee, while high school students are charged standard fees for certain classes. Fees are charged for instrument rental and for consumable supplies. All students are charged fines for lost or damaged books.

Student fees and/or fines may be paid to teachers or school secretaries. If paid to a teacher, fees and fines are turned in to the building secretary. Upon receiving the payment for fees or fines, the building secretary fills out a three-copy handwritten receipt. The white copy of the receipt is given to the student, and the yellow and pink copies are extras.

Fees are automatically assigned at the beginning of each school year, and the school secretaries keep track of the fees and fines that are owed. Fees and fines are tracked on the student open fee page in the DASL software. Within the DASL software, the School District has set up a program specific to each school section: high school, middle school, intermediate, and elementary schools. The system includes information for each student including the student's name, grade level, homeroom teacher, courses, and other information. Past due fees and fines are listed on student grade cards, which are issued every 9 weeks. Library fines are tracked and collected by the librarian.

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The Board policy on student fees, fines, and charges defines fees and fines, addresses the handling of such monies, and indicates a general reasonableness for fines and fees.

Cafeteria Receipts:

Students pay for lunch with cash daily, or they may prepay. Breakfast is free of charge to the students because the School District qualifies under federal guidelines. Students can prepay by cash or check at breakfast or at lunch by giving cafeteria monies to the cashier.

The School District uses a point-of-sale system, Meals Plus, for tracking student school breakfast and lunch sales. Each student in the School District is entered in the system. The system contains information including the student's name, grade, eligibility status (free, reduced or fully paid), pin number and a picture of the student. The system updates and tracks each student's lunchroom account balance.

All students are given an identification number that when entered into the pin pad brings up their account for the cashier. Visiting students within the same district can also use their identification to bring up their account at a different school. The student's account does not indicate to the cashier "free" or "reduced" or "fully paid" lunches, but simply brings up the proper amount owed by that student. If the student has prepaid their breakfast or lunch, the money is taken directly out of their account. If the student has not prepaid and is not eligible for a free lunch, the student gives their lunch money to the cashier.

At the beginning of the school year, the Food Service Director issues each school cafeteria change in a blue bag marked with the school's name and cafeteria change. Each morning the blue bag with the change money is retrieved from the school safe. The point-of-sale system generates lunchroom reports which total meals served and monies collected. The employee serving as cashier for each register counts the money and closes out and balances the cash register at the end of each lunch period. Two people count the money from each register and the cashier prepares a food service deposit ticket; both people are to initial the deposit ticket. The cashier places the white and yellow copies of the deposit ticket along with the monies into an orange bank bag and locks the bag. The cashiers lock the bags, but cannot unlock the bags. Only the bank and the Food Service Director have keys to unlock the bank bags. The pink copy of the deposit ticket is retained by the cafeteria and stapled to their daily paperwork. The change money is placed back into the blue money bag. Both the orange bank bag with the deposit money and the blue money bag with the change are taken to the school secretary to be locked in the office safe. The secretary initials the pink copy of the deposit slip to verify the transfer of money. Two food service employees walk the money to the office. The following day, the Pony Driver picks up the locked orange bank bags and delivers them to the bank. Because the high-school has a higher amount of cafeteria receipts, the Pony Driver takes that deposit to the bank after lunch on the same day. The bank combines all cafeteria deposits for the day into one deposit. The Pony Driver picks up the bank deposit slip (total deposit) and the white copies of the deposit tickets from the bank and delivers them to the Treasurer's Department. An Executive Assistant of Accounts Payable prepares a receipt and staples it to the packet of individual tickets. The Executive Assistant to the Treasurer enters into the system the total cafeteria receipts for the day and gives the packet of deposit tickets back to the Food Service Director, who keeps the packets. At the end of the school year, the blue bags with the change money are returned to the Food Service Office and the change money is returned to the Treasurer's Department before year-end to be counted, receipted in, and is then re-issued the following fiscal year.

The Food Service Director enters the amounts from the daily cafeteria deposit tickets into a monthly Food Service Department Deposits Report spreadsheet. At the end of each month, the Food Service Director prints the CN-6 and CN-7 lunchroom reports generated by the point-of-sale system and matches the amounts from the month-end lunchroom reports to the monthly Food Service Department Deposits Report spreadsheet and check marks the spreadsheet if it matches the bank activity. If there is a discrepancy, the Food Service Director goes to the Treasurer's Department to figure it out.

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The Food Service Director uses the lunchroom system reports to complete Site Claim Form reports on the computer and submit them to the Ohio Department of Education for Federal and State meal subsidies.

Treasurer's Department:

The Treasurer's Department receives State foundation, property taxes and allocations, and most Federal and State grants by electronic transfer. Several times a week, the Executive Assistant to the Treasurer reviews the online activity reports for the general account for wire transfers that have been received. The Executive Assistant to the Treasurer identifies the proper account codes and prepares a handwritten receipt for posting gross receipts to the proper revenue account. Any deductions, such as administrative fees, are booked as memo expenditures.

The Treasurer's Department directly receives some miscellaneous payments. Typically, these payments are received through the mail or by individuals coming into the Treasurer's Department. Usually an Executive Assistant of Accounts Payable gets the mail and thumbs through and pulls out the checks. An Executive Assistant of Accounts Payable prepares a deposit slip and a receipt and locks the deposit in a bank bag. The Pony Driver picks up the locked bag and takes it to the bank. The Pony Driver also brings back bank deposit slips and bags. The Executive Assistant to the Treasurer enters the receipts into the system.

Receipt of State Foundation: State Foundation monies are wire-transferred bi-monthly from the Ohio Department of Education. The foundation settlement sheets which identify the various sources of State aid are printed from the Ohio Department of Education's web page by the Executive Assistant to the Treasurer. Generally, foundation settlements include restricted and unrestricted receipts and tuition payments from other school districts. The Ohio Department of Education also deducts from each settlement pension contributions and tuition payments due to other school districts and community schools. The Executive Assistant to the Treasurer fills out a State Foundation Summary sheet which lists the proper accounts for posting. The summary sheet details the revenue side of the foundation settlement and the deductions which are posted as memo expenditures. The Executive Assistant to the Treasurer staples together the State Foundation Summary sheet and the foundation settlement and files them in her office. The Executive Assistant to the Treasurer also fills out a three copy receipt for foundation monies.

Receipt of Property Taxes: The Executive Assistant to the Treasurer identifies the proper account codes for gross property tax receipts and deductions and prepares a three copy receipt using the information from the tax settlement sheet. From the pink copy of the receipt, the Executive Assistant to the Treasurer keys the receipts into the system.

Receipt of Property Tax Allocations: Homestead and rollbacks are wire-transferred twice a year. The Treasurer identifies the account codes for gross receipts and deductions and prepares a three copy receipt from the information from the tax settlement sheet.

Receipt of Grant Monies: The School District participates in various Federal and State grant programs. The Director of State and Federal Programs enters the budget for each grant into the Ohio Department of Education's (ODE) website under the Comprehensive Continuous Improvement Planning (CCIP) System. The CCIP System is a unified grants application and verification system provided by the Ohio Department of Education. When cash is needed from a particular grant the Executive Assistant to the Treasurer completes an on-line CCIP Project Cash Request, with the Treasurer's approval.

After submitting project cash requests, the Executive Assistant to the Treasurer checks the ODE website to view the CCIP grant monies that were wire-transferred to the School District's bank account. The ODE website has a "Details" button that can be clicked for each payment that provides detailed receipt information for that specific ODE payment. By reviewing the detailed information, the Executive Assistant to the

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Treasurer can identify the grant proceeds. The Executive Assistant to the Treasurer prints the web page showing the project cash request, compares it to the transfer activity per the bank to verify that the money was received, writes a receipt for the grant proceeds, and staples the white copy of the receipt to the printout of the project cash request. When multiple project cash requests are done at the same time, the Executive Assistant to the Treasurer writes multiple grants on one receipt and files each project cash request printout in the corresponding grant file. The Executive Assistant to the Treasurer staples the white copy of the receipt to the project cash request with the highest dollar amount and writes the receipt number on the other project cash requests.

Local grant monies are received in check form by the Treasurer's Department or the Superintendent's Office. Upon arrival at the Treasurer's Department, the process under the Treasurer's Department section of revenue activity is followed.

Rental Receipts: The School District rents their school facilities to various community groups. An individual from the community group must fill out an Application for Facility Use form and return it to the building main office. The Application for Facility Use form includes the name of the community group, contact information, the date and hours of the event, the building to be rented, the purpose and estimated attendance, and the signature of the responsible party. The Application for Facility Use is approved by the Facilities Manager. A copy of the signed Application for Facility Use form is sent to the applicant, facility custodian, the school principal, and the facility occupants. The Facilities Manager's Secretary bills the community groups a custodian and/or rental fee, which is to be paid three days prior to the event. These groups usually pay by check, sent in the mail or paid in person, or sometimes by cash. Usually rental receipts come to the Operations Office (the Facilities Manager's Secretary in Pupil Services), though sometimes they come to the Superintendent's Office, but all rental receipts are ultimately deposited with the Treasurer's Department. The Executive Assistant to the Treasurer compares the amount of cash or check received to a copy of the billing invoice, if given a copy of the invoice. For the rental of athletic facilities, an Athletic Facility Rental Permit form is used. This form is first submitted to the Athletic Director, who approves the application based on intended purpose and facility availability. After the Athletic Director approves the Athletic Facility Rental Permit form, it is sent for final approval by the Facilities Manager. The Facilities' Manager's Secretary also handles invoicing for the rental of Athletic Facilities, except for the use of athletic facilities for State tournaments. When athletic facilities are used for State tournaments, the Athletic Director handles the billing since those rental receipts are reported along with the financial information for the tournaments.

Receipts from Sale of Capital Assets: Monies from the sale of capital assets are usually received by the Treasurer's Department. An Executive Assistant of Accounts Payable will fill out a receipt form, and the white copy will be sent to the school that sold the asset.

Auditor of State Comments

1. The Treasurer does not review the posting of receipts. Although the Treasurer reviews summarized revenue reports at month end, the Treasurer should review the receipt list daily to ensure proper posting of each receipt.

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Purchasing Process

Description of an Effective Method for Purchasing

The process of purchasing goods or services should ensure that each transaction is properly authorized, documented, and recorded. The process should be integrated with the budget to ensure compliance with Board adopted appropriations. The process should include selection of the vendor with the best price as well as authorization to proceed with the purchase by an appropriate individual. In addition, authorization must include the Treasurer's certification of the availability of funds stating that the amount has been appropriated and is free from previously encumbered obligations. Purchase orders should be used for all non-payroll transactions, and should be in written form clearly indicating the items, quantities, and unit cost. Authorized purchase commitments should be recorded against a budget line item in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance.

Statutory Requirements

Several State laws govern the purchasing process. The requirements are as follows:

Certification of the Fiscal Officer: Ohio Revised Code Section 5705.41(D) requires that each contract or order for the expenditure of money must be accompanied by a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation or, in the case of a continuing contract to be performed in whole or in part in an ensuing fiscal year, the amount required to meet the portion of the obligation to be performed in the fiscal year in which the contract is made, has been lawfully appropriated for such purpose and is in the treasury or in process of collection to the credit of an appropriate fund free from any previous encumbrance. This certificate need be signed only by the subdivision's fiscal officer. Additionally, the subdivision may utilize blanket purchase orders for authorizing obligations for a particular purpose that do not extend beyond fiscal year-end in an amount established by the Board. A general certification of this type may be established for any appropriation line item and need not identify a specific vendor. This type of purchase order is used for routine recurring items or for unanticipated emergencies.

“Super” Blanket Certification of the Availability of Funds: The super blanket certification permits the fiscal officer to certify any amount from a specific line-item appropriation. The certification is authorized to be outstanding for any period up to the end of the fiscal year and more than one certificate is permitted to be outstanding at one time. The certification must identify a specific line item appropriation in a specific fund. The certification may be limited to a specific vendor, if desired. A list of obligations incurred and expenditures made under each certification must be maintained by the fiscal officer.

Purchases that may be made through the use of a super blanket certificate are the services of an accountant, architect, attorney at law, physician, professional engineer, construction project manager, consultant, surveyor, or appraiser by or on behalf of the subdivision; fuel oil, gasoline, food items, and utilities; and any purchase exempt from competitive bidding under Ohio Revised Code Section 125.04 and any other specific expenditure that is a recurring and reasonably predictable operating expense.

Then and Now Certification: It is intended that the fiscal officer's certification be secured at the time a purchase order is issued or a contract is executed. Section 5705.41(D) of the Ohio Revised Code indicates that if timely certification was not obtained, contracts or purchase orders may be certified at the time of payment but the certification must indicate that both at the time the order was placed (then) and at the current time (now) a sufficient sum was appropriated for the purpose of such a contract and is in the treasury or in process of collection to the credit of an appropriate fund free from any previous encumbrances. Payments greater than \$3,000 are to be approved by resolution of the Board.

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Major Contracts: Section 5705.412, Revised Code, provides definitions for qualifying contracts and states that no school district shall make any qualifying contract or increase any wage or salary schedule unless there is a signed certificate attached thereto that the school district has sufficient revenue to enable the school district to both pay the contract and maintain all personnel and programs for a specified number of days. A certificate attached to any qualifying contract shall cover the term of the contract; a certificate attached to a wage or salary schedule shall cover the term of the schedule. The certificate shall be signed by the Treasurer, and president of the Board and the Superintendent of the school district, unless the school district is in a state of fiscal emergency, in which case the certificate shall be signed by a member of the school district's financial planning and supervision commission.

Obligations that do not have a certificate of adequate revenues as required are considered void and no payments may be made on void obligations.

The following certification requirements also regulate purchases by school districts; however, determination must be made whether the contract is subject to Section 5705.412, Revised Code.

Per Unit Contracts: Where contracts are entered into on a per unit basis, only the amount estimated to become due in the current fiscal year needs to be certified (1987 Op. Atty. Gen. 87-069).

Contract or Lease Running Beyond the Termination of the Fiscal Year Made: Pursuant to Section 5705.44, Revised Code, where a contract or lease runs beyond the termination of the fiscal year in which it is made, only the amount of the obligation maturing in the current fiscal year needs to be certified. The remaining amount is a fixed charge required to be provided for in the subsequent fiscal year's appropriations.

Bidding: School District contracts to build, repair, enlarge or demolish any school building in excess of \$25,000 are to follow the competitive bidding requirements in Section 3313.46, Revised Code. Items not requiring competitive bidding include:

1. Educational materials used in teaching;
2. Computer hardware and software used for instructional purposes;
3. Any item that is available and can be acquired only from a single source (this exception requires the board to adopt a resolution by a 2/3 vote that this is the case); and,
4. Energy conservation measures (with certain restrictions provided by statute).

Section 9.231(A)(1), Revised Code, provides that a governmental entity shall not disburse money totaling \$25,000 or more to any person for the provision of services for the primary benefit of individuals or the public and not for the primary benefit of a governmental entity or the employees of a governmental entity, unless the contracting authority of the governmental entity first enters into a written contract with the person that is signed by the person or by an officer or agent of the person authorized to legally bind the person and that embodies all of the requirements and conditions set forth in Sections 9.23 to 9.236 of the Revised Code. If the disbursement of money occurs over the course of a governmental entity's fiscal year, rather than in a lump sum, the contracting authority of the governmental entity shall enter into the written contract with the person at the point during the governmental entity's fiscal year that at least \$75,000 has been disbursed by the governmental entity to the person. Thereafter, the contracting authority of the governmental entity shall enter into the written contract with the person at the beginning of the governmental entity's fiscal year, if, during the immediately preceding fiscal year, the governmental entity disbursed to that person an aggregate amount totaling at least \$75,000.

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Findings for Recovery Database: Effective January 1, 2004, Ohio Law (ORC section 9.24) prohibits any state agency or political subdivision from awarding a contract for goods, services or construction, paid for in whole or in part with State funds, to any person against whom a finding for recovery has been issued by the Auditor of State, if that finding is unresolved.

The Auditor of State has established a database pursuant to Section 9.24, Revised Code, in order to list all persons who have unresolved findings for recovery, dating back to January 1, 2001. To comply with Section 9.24, Revised Code, the Auditor of State's office recommends that before entering into a public contract as described above, a state agency or political subdivision verify that the person does not appear in this database.

Delinquent Personal Property Taxes: Section 5719.042, Revised Code, provides that after the award by a taxing district of any contract let by competitive bid and prior to the time the contract is entered into, the person making a bid shall submit to the district's fiscal officer a statement affirmed under oath that the person with whom the contract is to be made was not charged at the time the bid was submitted with any delinquent personal property taxes on the general tax list of personal property of any county in which the taxing district has territory or that such person was charged with delinquent personal property taxes on any such tax list, in which case the statement shall also set forth the amount of such due and unpaid delinquent taxes and any due and unpaid penalties and interest thereon. If the statement indicates that the taxpayer was charged with any such taxes, a copy of the statement shall be transmitted by the fiscal officer to the County Treasurer within thirty days of the date it is submitted. A copy of the statement shall also be incorporated into the contract, and no payment shall be made with respect to any contract to which this section applies unless such statements has been so incorporated as a part thereof.

Section 3313.18, Revised Code, states that "...the board of a city, exempted village, or local school district or governing board of an educational service center by a majority vote of its members has adopted an annual appropriation resolution, then such board may, by general resolution, dispense with the adoption of resolutions authorizing the purchase or sale of property, except real estate, the employment, appointment, or confirmation of officers and employees, except as otherwise provided by law, the payment of debts or claims, the salaries for superintendents, teachers or other employees, if provision therefore is made in such annual appropriation resolution, or approving warrants for the payment of any claim from school funds, if the expenditure for such warrant is issued, is provided for in such annual appropriation resolution."

Financial Planning and Supervision Commission - Under Section 3316 Revised Code, the Commission assumes the power to approve personal service, employment and collective bargaining contracts, approve all contracts above \$5,000, and have all purchase orders reviewed by the fiscal monitor.

Campaign Financing (HB 694) - Section 3517.13 of the Revised Code states any bid or unbid contract, purchase order, or collective bargaining agreement with a value of more than \$10,000 requires the vendor to certify to the contracting authority that the vendor has not made a contribution to the contracting authority in an amount that exceeds the limits provided by law.

Administrative Code Requirements: Section 117-2-02(C)(2) of the Ohio Administrative Code states, "purchase orders should be used to approve purchase commitments and to encumber funds against the applicable appropriation account(s), as required by Section 5705.41(D) of the Revised Code. Purchase orders are not effective unless the fiscal officer's certificate is attached. The certificate should be attached at the time a commitment to purchase goods or services are made."

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Financial Accounting Report

School District's Purchasing Process

The Board has adopted formal policies for the purchasing process. The policies address procedures for receiving quotations and bids, soliciting and awarding bids, issuing “Then and Now” purchase orders and issuing blanket and super blanket purchase orders.

When goods or services are needed at a school building, a request is made to the principal, who instructs the teacher to fill out a handwritten requisition form. The requisition form is returned to the principal for approval. After signing the handwritten requisition form, the principal gives the requisition form to the school secretary who enters the information into the USAS Web/State accounting software system, prints a requisition, and files the handwritten requisition in the secretary's office. The printed requisition includes a requisition number assigned by the system, the vendor, date of request, type and quantity of items requested, price and any shipping costs, and the appropriate account codes to be charged. The requisition is submitted to the building principal who approves the requisition by signing it. The requisition is then forwarded to the Superintendent for approval. Once signed by the Superintendent, the requisition is sent to the Treasurer for approval. Once the Treasurer signs the requisition, the Ohio Department of Education Fiscal Consultant must also approve the requisition since the School District is in fiscal emergency. If the requisition is over \$5,000, it must be approved by the Financial Planning and Supervision Commission. Once the requisition has the required approvals, it is sent to the Treasurer's Department where the received date is stamped.

An active vendor list is maintained by an Executive Assistant of Accounts Payable. The Executive Assistant to the Treasurer and the Executive Assistants of Accounts Payable are the only individuals who can add new vendors to the system. For new vendors, the school secretary must request a W-9 from the company. The Executive Assistant of Accounts Payable will not add a new vendor until the W-9 has been received. W-9's are filed alphabetically in the Treasurer's Department. Generally, the secretary creating the requisition performs a search of the Findings for Recovery Database online and attaches a copy of the search results. The Executive Assistant of Accounts Payable also prints a full Findings for Recovery list each June and checks the list before adding new vendors. Once the W-9 has been obtained and the Findings for Recovery Database has been checked, an Executive Assistant of Accounts Payable enters the new vendor information into the system, and the system automatically assigns the vendor a number.

An Executive Assistant of Accounts Payable will enter the information from the requisition, including expenditure codes, into the system and convert it to a purchase order. Purchase order numbers are assigned automatically by the system. The posting of the purchase order automatically records an encumbrance in the system. The purchase orders are printed out by an Executive Assistant of Accounts Payable. The purchase orders are printed with the signatures of the Treasurer and the Superintendent. Purchase orders are used for all purchases and contracts of the School District.

If a requisition is entered for an amount which exceeds appropriations, the computer system should prevent the building secretary from creating that requisition. If due to a timing issue, a requisition were to get through, then upon conversion to a purchase order, the computer system would indicate that there are not enough available funds in the account. In that case, the Executive Assistant of Accounts Payable would not create the purchase order and would give the requisition to the Executive Assistant to the Treasurer to address with the building secretary.

The Treasurer's Department distributes the four sheets of the purchase order form that come off the printer. The white copy is delivered to the vendor to order the goods. The green copy goes to the building secretary who created the requisition. The pink copy is attached to the requisition to show that it was approved before creating the purchase order, and they are filed in the Treasurer's Department. The yellow copy goes to the receiving warehouse if the order was for items to be physically received. If the purchase order is not for goods to be received, but for something like utilities, the yellow copy is thrown away.

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The School District purchases goods and services with blanket purchase orders as needed. For the School District, blanket purchase orders are used in areas such as food service, utilities, insurances, custodial supplies, and transportation. Expenditures made against blanket purchase orders are tracked by the building secretaries, who keep a running total. If remaining funds on a blanket purchase order are not sufficient to cover an invoice, an Executive Assistant of Accounts Payable places a note on the invoice and another purchase order is obtained before paying the invoice. However, they have a leeway of about five to six percent that they can go over the purchase order amount for reasonable situations. The Board has not adopted a resolution identifying the maximum dollar amount for blanket purchase orders.

“Then and Now” purchase orders are prepared for purchases without prior approval. “Then and Now” purchase orders must be approved by Board resolution if greater than \$500. If they are \$500 or less, the Treasurer has the authority to approve such purchase orders. However, the Treasurer only approves the use of “Then and Now” purchase orders if the purchase was necessary and appropriations are available and indicates approval by initialing near the bottom center of the purchase order. If not, the amount is not approved and the employee who initiated the purchase is responsible for the payment.

Prior to closing at the fiscal year end, the Executive Assistant to the Treasurer and the Executive Assistants of Accounts Payable review the open purchase orders to determine whether a purchase order should be closed or whether invoices still exist against the purchase order. At fiscal year end, if invoices still exist against an existing purchase order, that purchase order will be carried over to the following fiscal year. They will also check with the person who created the requisition to see if they still need anything. Any unneeded purchase orders are closed along with the corresponding encumbrances.

Contracts which exceed \$25,000 are given to the Treasurer to make the necessary arrangements for public bidding. The Board authorizes the School District to advertise for bids. Vendors can review information about a contract that is up for bid on the Bid Opportunities page of the School District website, or they can check with the Treasurer’s Department for information. Bids are received by a set date for a bid opening, and a list of vendors and bid amounts is created. The Treasurer and the Superintendent review and discuss the information. The Superintendent makes a recommendation to the Board. The Board, by resolution, awards the contract. The Treasurer prepares a 412 Certificate for contracts; the 412 Certificate certifies that the School District has sufficient revenue to support those contracts. It is the Board policy that purchases or contracts over \$10,000 but under \$25,000 generally are based on at least two price quotations.

The Board notifies the vendor awarded the bid that they have been awarded the contract. The low bidder is to be notified in writing by certified mail if the Board has resolved to award a bid to the lowest responsible and responsive bidder, if that bidder is not the low bidder. The low bidder may protest the award of a bid within five days of the notification. The contract is sent to the Treasurer for review and signature and the Superintendent for final review and signature.

Auditor of State Comments

1. Section 5705.41(D)(3), Revised Code, allows the fiscal officer to certify expenditures in an amount not in excess of an amount established by resolution adopted by a majority of the members of the board of education. This type of certification, referred to as a blanket certification (blanket purchase orders), has not been authorized by the Board. The Board should adopt a resolution that identifies the maximum dollar amount for blanket certifications/purchase orders. Blanket purchase orders used without the Board having set a limit are not valid because the School District does not have the authority to use blanket purchase orders without Board resolution.

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Financial Accounting Report

Cash Disbursements

Description of an Effective Method for Accounts Payable and Cash Disbursements

The processing of invoices should ensure that each payment represents goods or services that were properly authorized and received by the school district. The processing should include a comparison of the invoiced items and quantities to the purchase order and billing slips, a comparison of the prices on the invoice to the purchase order, and the signature of the individual who received the goods and made the comparisons. All invoices should be recomputed ensuring accurate extensions and totals. A voucher should be prepared reflecting the proper payee, invoice amount and account codes, and should include a copy of the purchase order, invoice, and receiving report or a signed billing slip. A check should be prepared based on the completed voucher, the existence of appropriate vendor information (I.R.S. Form 1099 data) and a properly executed certification by the Treasurer. All checks should be promptly signed by the Treasurer, posted in the appropriate accounting records, and mailed to the vendor in sufficient time to avoid penalties and receive discounts. Vouchers should be filed numerically or by vendor. No invoices for payments should be processed that were not properly certified unless the Treasurer is able to execute a then and now certificate. Sufficient safeguards should be in place to ensure that one individual does not have total control over the receipt of goods, processing of invoices for payment, issuance of checks and the reconciliation of bank accounts.

Statutory Requirements

State law places the following requirements on the disbursement of funds:

Restrictions - Money is drawn from the school district treasury only on appropriations enacted by the Board. Appropriations from each fund may be used only for the purposes of such fund. Under Section 3313.51, Revised Code, no monies of a school district shall be paid out except on a check signed by the Treasurer. The Treasurer shall preserve all vouchers for payment for a period of ten years (Section 3313.29, Revised Code) unless copied or reproduced according to the procedure prescribed in Section 9.01 of the Ohio Revised Code.

No Certification - If no certificate of available funds was furnished as required, upon receipt by the Board of a certificate of the Treasurer stating that there was at the time of the making of such contract or order and at the time of the execution of such certificate a sufficient sum appropriated for the purpose of such contract and in the treasury or in process of collection to the credit of an appropriate fund free from any previous encumbrances, the Board may authorize the drawing of a warrant in payment of amounts due upon such contract, but such resolution shall be passed within thirty days from the receipt of such certificate; provided that, if the amount involved is less than \$3,000, the Treasurer may authorize it to be paid without such affirmation of the Board if such expenditure is otherwise valid.

Section 3313.18, Revised Code, states that “...a board of a city, exempted village, or local school district or governing board of an educational service center by a majority vote of its members has adopted an annual appropriation resolution, then such board may, by general resolution, dispense with the adoption of resolutions authorizing the purchase or sale of property, except real estate, the employment, appointment, or confirmation of officers and employees, except as otherwise provided by law, the payment of debts or claims, the salaries for superintendents, teachers or other employees, if provision therefore is made in such annual appropriation resolution, or approving warrants for the payment of any claim from school funds, if the expenditure for which such warrant is issued, is provided for in such annual appropriation resolution.”

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Administrative Code Requirements

Section 117-2-02 (C)(3) of the Ohio Administrative Code states “vouchers may be used as a written order authorizing the drawing of a check in payment of a lawful obligation of the public office. Each voucher shall contain the date, purchase order number, the account code, amount, approval, and any other required information. The local office should also attach supporting documentation to the voucher, such as vendor invoices.”

School District’s Cash Disbursement Process

The Treasurer’s Department maintains a list of procedures relating to cash disbursements including staff positions and functions.

When the goods or services have been received, the employee at the receiving warehouse who receives the shipment of goods verifies the contents and checks them off on the yellow copy of the purchase order. If not all goods are received or incorrect items are received, the employee contacts the vendor to resolve the issue. Once the goods or services have been verified as received, the yellow copy of the purchase order is signed and dated by the employee and sent to an Executive Assistant of Accounts Payable. Upon getting the receiving order, an Executive Assistant of Accounts Payable files the yellow copy with the corresponding requisition and pink copy of the purchase order.

Invoices are generally received directly by the Treasurer’s Department. Upon receiving the invoice, the Executive Assistant of Accounts Payable files it with the corresponding pink copy of the purchase order and requisition. Upon receipt of a signed yellow copy of the purchase order indicating that the goods have been received, an Executive Assistant of Accounts Payable compares the items, quantities, and unit price of the invoice to the signed yellow copy of the purchase order (receiving order) to make sure amounts match and that everything invoiced was actually received. If no purchase order exists for an invoice, the employee responsible for the order is notified and requested to process a requisition or take responsibility to pay for the purchase. Usually, the building secretary will create the requisition; otherwise, the Treasurer’s Department will create the requisition from the appropriate building’s funds. Upon approval of the requisition, an Executive Assistant of Accounts Payable creates a “Then and Now” purchase order for the invoice.

The invoice, requisition, purchase order and receiving order waiting to be paid are paper clipped together and filed in the Treasurer’s Department to be paid at the next check run.

An Executive Assistant of Accounts Payable enters the data that creates a voucher into the School District’s State accounting software system by entering the vendor, account code, invoice number, purchase order number, invoice date and items and amounts which creates a check in the system. If the Executive Assistant of Accounts Payable notices that the invoice date is before the purchase order date, she sets it aside until a “Then and Now” purchase order is approved. The Treasurer reviews and approves the “Then and Now” purchase orders under \$500 prior to the processing of checks. Board approval is required if the “Then and now” purchase order is over \$500.

In the majority of instances, payment is not made on an order until all goods have been received. Once the remainder of the order is received, the receiving order is sent to an Executive Assistant of Accounts Payable who compares it to the invoice.

In some instances, a partial payment will be made if all the goods are not received at the same time. Usually this is for school supplies that are sent in increments when some of the order is on backorder. In this case, the receiving warehouse employee makes a copy of the receiving order and marks which items were received.

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The building employee signs the copy of the receiving order and sends it to an Executive Assistant of Accounts Payable. The Executive Assistant of Accounts Payable matches the copy of the receiving order with the items received marked to the invoice to make sure that everything invoiced was actually received.

Checks are normally printed once every two weeks, on the same schedule as payroll. The blank check stock paper is kept in a cabinet in the Treasurer's Department. The check stock paper is completely blank and does not contain the school name, account number, check number or any other information. This information is printed on the check through the check printing process. An Executive Assistant of Accounts Payable uses a computer program to generate, electronically sign, and print the checks. The check printing program is password protected. The two Executive Assistants of Accounts Payable and the two Executive Assistants of Payroll have access to the check printing program. An Executive Assistant of Accounts Payable then mails the check along with the remittance form.

All checks have two copies and are distributed in the following manner:

1. The original copy of the check is sent to the vendor along with the remittance form for payment.
2. The white copy of the check is attached to the voucher packet and filed in the Treasurer's Department.

At the end of each month, the Executive Assistant to the Treasurer prints a list of all checks for the month. This is included in the Board packet and is approved by the Board at the following month's meeting. The Board policy for the payment of claims deals with the prompt payment of legitimate claims, proper verification of vouchers prior to the payment of invoices, and Board review of a listing of checks that details the vendor name, check number and amount, and description of the item.

The voucher packet includes the white copy of the check, the pink copy of the purchase order, the requisition, the invoice, and the receiving order (yellow copy of the purchase order). All voucher packets are kept in a filing drawer in the Treasurer's Department and are filed numerically by check number.

In order to void a check that has not yet been sent out or if the check is sent back to the Treasurer's Department, an Executive Assistant of Accounts Payable runs the software program to void the check number and stamps the check with a "VOID" stamp. If the physical check is not at the Treasurer's Department, an Executive Assistant of Accounts Payable will go onto the bank website to stop payment on the check in order to void the check. The Executive Assistant of Accounts Payable attaches the voided check to the voucher packet and writes an explanation as to why the check was voided. The voided checks are filed in the Treasurer's Department with the paid voucher packets.

Auditor of State Comments

1. The Treasurer does not review the checks after they are printed and electronically signed. The Treasurer should review the printed checks to ensure that the checks are complete and to ensure that the amounts have not been changed.

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Payroll Processing

Description of an Effective Method of Payroll Processing

The processing of payroll should ensure that all employees are compensated on a regular basis for work performed and at the rate approved by the appointing authority. All compensation should be recorded in a permanent record reflecting the hourly rate and hours worked or salary, deductions, and the gross and net compensation for the pay period and the year. Standard deductions such as pension, Medicare, and Federal and State taxes should be computed at the applicable rates established by the regulatory agencies. Other deductions permitted by the employer should be authorized by the employee and the authorization should be maintained in a file. Payment of the net compensation should be by a check signed by the appropriate official or by direct deposit to a bank account of the employee. Payment of deductions and the related employer obligations should be made timely and reported in the format prescribed by the regulatory agency. The Personnel Office files should contain current contracts, information of the benefits that the employee has selected, withholding forms and any other information required by Federal and/or State laws. Safeguards should be in place to ensure that the same individual does not hire personnel, authorize pay rates, process payroll, generate and distribute pay checks, and reconcile the bank accounts.

Statutory Requirements

The following State statutes apply:

Section 5747.06, Revised Code, requires collection of Ohio income tax by employers.

Chapter 3307, Revised Code, for the State Teachers Retirement System (STRS) and Chapter 3309, Revised Code, for the School Employees Retirement System (SERS), require school districts to enroll most of their employees in the appropriate retirement system, withhold from the employees' wages, or pay on behalf of the employees, a certain percentage of earned wages as defined and to pay over to the appropriate retirement system the amounts withheld, matched with an appropriate percentage for employer contributions.

Section 3317.12, Revised Code, for nonteaching school employees and Section 3317.14, Revised Code, for teachers, require school districts participating in the school foundation program to annually adopt a salary schedule for nonteaching school employees and a salary schedule for teachers.

Section 3319.141, Revised Code, and Section 3319.084, Revised Code, provide for minimum sick and vacation leave to be granted to affected employees, and indicate the procedures for paying the employees for leave balances credited to them upon separation from service. However, bargaining agreements may grant more leave time.

Section 3319.12, Revised Code, requires each Board to give notice annually, not later than the first day of July, to each teacher who holds a contract valid for the succeeding school year, of the salary to be paid during that year. The salary shall not be lower than the salary paid during the preceding school year unless such reduction is part of a uniform plan affecting the entire district.

Section 4117.03(A)(1), Revised Code, gives public employees the right to form, join, assist, or participate in, or refrain from forming, joining, assisting, or participating in, except as otherwise provided in Chapter 4117 of the Revised Code, any employee organization of their own choosing. The classified employees of the Mansfield City School District are represented by the Mansfield School Employees Association School Support Personnel, and certified employees are represented by the Mansfield School Employees Association.

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The following additional code sections provide authority for appointment and compensation of officials and employees of a school district. Section 3313.12, Revised Code, for school board member compensation and mileage; Section 3313.24, Revised Code, for compensation of school treasurers; Section 3319.01, Revised Code, for appointment and duties of the superintendent (including compensation); Section 3319.02, Revised Code, for appointment, evaluation, renewal, and vacation leave of other school administrators; and Section 3319.08, Revised Code, for teacher employment and reemployment contracts; and Section 3319.10, Revised Code, for employment and status of substitute teachers.

School District's Payroll Processing Procedures

The Board has adopted formal policies for the payroll process regarding Board authorization for each person hired (including the position title, the compensation to be paid as prescribed in a negotiated, collective-bargained agreement, or determined by a wage guideline, and the effective date of employment) and payroll deductions. The employment of all School District personnel must be approved by the Board. Deductions are made from an employee's paycheck upon proper authorization on the appropriate form.

All full and part-time employees are compensated bi-weekly, except Board members, who are compensated quarterly. There are 568 full and part-time employees within the School District. The School District's pay period for all employees begins on Sunday and ends on Saturday, fourteen days later. Employees are paid on Friday, fourteen days after the pay period ending date. Any overtime or extra time earned during the pay period is paid with the regular pay.

In addition to their bi-weekly pay, employees may receive additional amounts along with their regular compensation for supplemental contracts, stipends, contract settlements or longevity. Direct deposit is mandatory for employees of the School District. Employees receive a pay stub which includes an earnings statement portion that indicates gross and net earnings, withholdings (year-to-date and for the pay period), leave usage during the pay period, and leave balances as of the end of the pay period. Pay stubs are either emailed to employees or paper copies are delivered to each building, according to each employee's choice.

All certified and non-certified employment applications are received and kept on file by the Personnel Office. Recommendations for employment are made to the Board by the Superintendent and are recorded in the minutes. Copies of all employee records, such as transcripts, licenses, evaluations, and financial data, such as withholding forms, and other payroll related data are kept in a personnel file in the Personnel Office.

The Personnel Office prepares contracts and sends them out after the Board approves them. After signing the contracts, employees return them to the Personnel Office. From the Personnel Office, contracts are forwarded to the Superintendent's Office and stamped with the Board President's name. The original contract is sent the Treasurer's Department where the Executive Assistants of Payroll input these amounts into the payroll system.

The School District's employees can be categorized under one of six payroll groups: administrators, certified, classified, board members, supplemental and substitutes. Each of these payroll groups are further described in the following paragraphs.

Administrators: Administrators include the Superintendent, Treasurer, twelve month, eleven month, and ten month administrators. Individual administrative contracts are prepared based upon contract provisions approved by the Board. The contract provisions establish the annual rate of pay, annual vacation days to be credited, and job duties and expectations for each employee. In addition, the contract provisions state that the Board will provide term life insurance of \$336,000 for the Superintendent, \$168,000 for the Treasurer, and \$40,000 for all other administrative staff. The contracts are reviewed and approved by the Board. Contracts

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for the Superintendent run from August through July three years later, and contracts for the Treasurer run from August through July five years later. Contracts for department supervisors typically run from July through June of the subsequent year or years. Contracts are paid over twenty-six pays. The signed contracts are kept on file in the Personnel Office.

Certified: Teachers' salaries and benefits are governed by a negotiated agreement between the Board and the Mansfield School Employees Association. The contract was valid through June 30, 2014. Certified employees continue working under this contract until a new one is negotiated and approved. The negotiated agreement establishes salary schedules that reflect annual rates of pay based upon years of experience and education. In addition, the negotiated agreement identifies the annual amount of personal leave to be credited and sick leave accrual amounts for certified employees. Certified employees do not earn vacation. Per the negotiated agreement, all certified employees are paid over twenty-six bi-weekly pay periods.

Individual teacher contracts are prepared by the Personnel Office, and salary notices are distributed to certified employees before the end of the preceding school year. There is a stepping program of contracts. They start with a limited contract (one year), then a two year limited, new continuing (have met all work requirements, one year), continuing (one year) and then they receive salary notices. Contracts are approved by the Board prior to sending them out to employees. The teachers' contracts are distributed by the Personnel Office typically in April and May. If employees disagree with the contract amounts, they can contact the Treasurer's Department to resolve the issue. The employee receives two copies of the contract; one copy is to be signed by the employee and returned to the Personnel Office and the other copy is for the employee's records. After the employee signs and returns the contract, the contract goes to the Superintendent's Office to be stamped with the signature of the Board President. A copy is made of each contract and the original contract is sent to the Treasurer's Department and kept on file there.

For any change that results in a pay schedule adjustment, the teacher is required to contact the Personnel Office so contract changes can be processed. Employees can provide a copy of their transcript to support the change at any time of the year to have their pay scale changed. After receiving support for the change form, the Personnel Office signs the change form and sends it to the Superintendent for final approval. An Executive Assistant of Payroll will update the employee's contract amount in the payroll system. The payroll system calculates the amount to be paid to each individual over the twenty-six pays.

Classified Employees: Salaries and benefits for custodians, bus drivers, cafeteria workers, secretaries, and aides are governed by a contract negotiated between the Board and the Mansfield School Employees Association School Support Personnel. The contract covered the period March 2, 2011, through June 30, 2014. Classified employees continue working under this contract until a new one is negotiated and approved.

The contract sets forth the hourly rates for classified positions. The contract also sets forth the sick leave accrual amount, and the amount of vacation and personal leave to be credited annually. In addition, the contract defines overtime at one and a half times the employee's regular rate. Employees are considered full time if they work thirty or more hours per week. All classified employees are paid over twenty-six bi-weekly pay periods.

Classified employees do not receive individual contracts but instead receive a salary notice each year. Salary notices are prepared by the Personnel Office and printed from Microsoft Word documents. The salary notices are mailed out to employees between the middle of June and the middle of August. Prior to being mailed out, the salary notices are reviewed and signed by the Treasurer. If employees disagree with the contract amount on the salary notice, they can contact the Treasurer's Department to resolve the issue. An Executive Assistant of Payroll will update the employees' pay rates in the payroll system.

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Timesheets are prepared for each building for food service employees and custodians. Title I and Special Education employees have their own timesheets. Each timesheet includes the employee's name, position and the hours worked each day in a two week pay period. The timesheet is signed by the supervisor or building principal to indicate approval. Each building secretary prepares a spreadsheet detailing absences, substitutes and overtime for the two week pay period, and the building principal approves and signs the spreadsheet. The timesheets serve as support for the spreadsheet. The building spreadsheets are sent to the Executive Assistants of Payroll every two weeks, and the spreadsheet information is imported into the software system. The software system automatically applies the pay rates for each position and calculates payroll. Copies of the signed timesheets are also sent to the Executive Assistants of Payroll and are filed in the Treasurer's Department.

Overtime: Overtime earned by classified employees is paid in the pay period following the pay period in which it was earned. Overtime is paid at a rate of one and a half times the employee's regular rate. All overtime is recorded on timesheets when applicable and summarized on each building's time spreadsheet. All overtime has to be approved by the employee's supervisor each pay period. An Executive Assistant of Payroll checks the mathematical accuracy of the spreadsheets and enters the overtime amount for each employee into the payroll system.

Extra time earned, such as when one teacher covers a class period for another, is entered into the payroll system based on the hours recorded on the building spreadsheet. This is approved by the supervisor, as typically it is the supervisor that asks the teacher to do extra time and the building spreadsheet is prepared by the supervisor. An Executive Assistant of Payroll enters the extra time amounts into the payroll system.

Board Members: The Treasurer takes a roll call at every Board meeting and marks down the board members in attendance. The Executive Assistant of Payroll enters the board attendance from the meeting minutes into a spreadsheet to calculate and enter payroll for the board members. Board members are paid quarterly at a rate of \$80 per meeting at a maximum of twenty-four meetings per year.

Supplemental: The Personnel Office is responsible for preparing supplemental contracts. These contracts are issued as the Treasurer's Department receives the assignments for each supplemental position. Typically these assignments occur during the summer between school years. The Board approves the supplemental contracts before they are mailed to employees. Most supplemental contracts are paid in two payments in January and July.

Substitutes: Teachers call an automated system called the Automated Substitute Placement and Absence Management System (Aesop) if they need to call off and get a substitute. The secretaries of each building pull reports from Aesop online daily showing who called off and who is substituting for them. They enter the information regarding who called off and the name of the substitute onto the building spreadsheet that goes to payroll every two weeks. The substitute pay rate is set and is used for all substitutes as needed. Substitutes are paid biweekly with only 19 pays in the year.

Withholdings: A new employee packet is given to new employees to be completed, signed, and returned to the Treasurer's Department. This packet includes a payroll information form, direct deposit authorization form and various tax and retirement forms. An Executive Assistant of Payroll enters the payroll information into the computer. If employees need to change any of the information on these forms they can obtain the appropriate form from the Treasurer's Department. Withholding and various deduction forms are maintained in the employee's personnel file in the Personnel Office. Federal and State employee withholding deductions are made by ACH payments. Local employee withholding deductions are paid by check once a month. There are forms that are completed for City of Mansfield and School District withholdings and are sent with the remittance.

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The School District provides various benefits to employees. Benefits received by employees include vacation, sick and personal leave, retirement, severance, and health, dental and vision insurance.

Leave: Vacation and personal leave is credited as indicated in the respective negotiated agreement or in each administrator's contract. All full-time employees receive fifteen sick days for each calendar year. Vacation, personal, and sick leave usage is posted in the payroll system by an Executive Assistant of Payroll every pay according to the amount of time recorded on the leave request forms and on the building payroll spreadsheets. The system updates the balances automatically.

Vacation or personal leave is approved by the employee's immediate supervisor in advance on the appropriate leave request form. The form includes the employee's name, dates of absence requested and total days requested. The supervisor forwards the leave request forms to the Executive Assistants of Payroll.

Sick leave is not required to be requested in advance. Certified and classified employees contact Aesop to report off sick. If not completed prior to taking sick leave, the sick leave form must be filled out by the employee upon returning from leave. The employee's supervisor approves it and forwards the sick leave forms to the Executive Assistants of Payroll. The Aesop report is used by the building secretary when filling out the building spreadsheet, which is also submitted to the Executive Assistants of Payroll.

An Executive Assistant of Payroll matches the leave request and sick leave forms to the bi-weekly building payroll spreadsheets. The Executive Assistants of Payroll use the leave request and sick leave forms to enter vacation, sick, and personal leave usage into the payroll system.

STRS/SERS: Payroll deductions for STRS and SERS are processed through the payroll system and filed timely. The Board share of retirement is deducted from the State Foundation.

Bi-weekly, an Executive Assistant of Payroll completes the STRS Employer Cash Receipt Remittance Form and mails it to STRS along with payment of the employee share for that pay period. SERS employee contributions are paid monthly. Each month, an Executive Assistant of Payroll completes the SERS Payment Remittance Form and mails it to SERS along with payment.

Other Employee Benefits: The School District is self-insured and provides medical, prescription, dental, and vision benefits to all full-time employees. The employee share of costs for single and family participation in the program is determined by the respective negotiated agreement. Medical, dental, and prescription coverage is administered through Medical Mutual of Ohio. Vision coverage is administered through Vision Service Plan.

Part-time employees are eligible to receive medical, prescription, vision, and dental coverage if they pay 50 percent of the premium. Life insurance benefits are provided through AUL One America. The Board provides all full-time employees and part-time employees with term life insurance of \$40,000.

Payroll Deductions: Payroll deductions for medical, prescription, dental and life insurance benefits are processed through the payroll system and then used as part of the payment to the insurance companies. The Executive Assistants of Payroll are responsible for the preparation of the documentation for the payments of medical, prescription, dental and life insurance benefits. All payroll deduction reports and insurance invoices are maintained by the Executive Assistants of Payroll.

Severance: The School District offers severance pay upon retirement to its certified and classified employees. Payments for certified employees are 30 percent of their unused sick leave days times the employee's daily rate if their balance is over 200 days. If their unused sick balance is under 200 days, the payout is 26 percent

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of unused sick days times the employee's daily rate. Payments for classified employees are 25 percent of unused sick days, up to a maximum of 47 days, times the employee's daily rate. Administration employees receive 26 percent of their unused sick days times the employee's daily rate.

Payroll Preparation: Access to the payroll system is password protected. The Treasurer has given authority to North Central Ohio Computer Cooperative (NCOCC), the School District's A-site, to grant access and supply a password. The Treasurer, both Executive Assistants of Payroll, and the Executive Assistant of Accounts Payable have full access to the payroll system.

The Executive Assistants of Payroll have a checklist for running the payroll program. The checklist names the reports that need to be run and lists the steps to be taken to process payroll.

Along with timesheets, each building in the School District sends a spreadsheet to the Executive Assistants of Payroll when the pay period ends that details absences, substitutes, extra time, and any other factors that would affect the normal two-week pay of an employee in that building. These spreadsheets are converted into CSV format and are imported into the State software the School District utilizes. The Executive Assistants of Payroll then manually enter into the system timesheets that are not included on the spreadsheets. These include Title I and Special Education individuals. Any changes since the previous pay to employees' information, tax forms, or any other changes due to board action are done manually at this point.

Deduction reports are run at this point and checked against the prior pay's deduction reports. An Executive Assistant of Payroll verifies that any differences between the two pay's deduction reports can be explained by appropriate changes.

The first report run is the bi-weekly report called INICAL. The INICAL lists the total regular employee bi-weekly payroll prior to exceptions (stipends, certain supplementals, miscellaneous pays, etc.) This report is checked against data from the building spreadsheets to make sure everyone has been included. The next payroll report generated is a distribution proof listing called PAYSUM which details out the gross payroll by individual employee. The Executive Assistants of Payroll will review this report and check for any unusual entries and make any necessary corrections.

The next step is to run the CALCPAY program which generates four reports, the PAYRPT, DEDTOT, CALCERR, and the BUDPRO. The PAYRPT details the gross payroll and deductions by individual and pay group. The DEDTOT lists all payroll deductions including STRS and SERS deductions. The CALCERR lists items that are unusual and may need further attention. This report is reviewed by the Executive Assistants of Payroll for any errors. The BUDPRO details the gross payroll by budget account. The Executive Assistants of Payroll review this report to verify there are no errors in the payroll coding.

Next, the CHKUPD is run, and once that has occurred, any additional changes that need made have to go through NCOCC.

The PAYDIR is then run and creates a file for direct deposit to the bank. It is compared with the PAYRPT to make sure that the totals match. The PAYDIR text file is sent to the bank, which disperses all of the pays to their proper accounts. Physical copies of the payroll checks are sent to employees as the pay stub, and employees are notified by email that the direct deposits were made by running an E-DIRPDF.

Paper checks are generally printed for payroll only when direct deposits have yet to be set up, such as when a new employee begins or when an employee changes banks. The Executive Assistants of Payroll can print paper payroll checks.

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An Executive Assistant of Accounts Payable then uses online banking to transfer the proper amount of funds from the general account to the payroll account. An Executive Assistant of Payroll also has access to transfer funds in the absence of an Executive Assistant of Accounts Payable. Then, a PAYDED projection is run, showing the amount of Federal and State taxes that need to be remitted. The taxes are processed online on the pay date for both Federal and State taxes. STRS is remitted every pay, and SERS is remitted once every month.

A pay date info wires packet is put together for each pay that includes the wire sheet for deduction remittances, the PAYDED projection, the totals page of the PAYRPT, Federal tax payment confirmation, State tax phone wire sheet, Child Support Payment confirmation, and the ACH transfer “processing status” print screen from Richland Bank.

The AUTOPOST program automatically posts the payroll information to the accounts from which the employees are charged within the payroll system and the budgetary system.

Internal Revenue Service W-2 forms are processed by the beginning of January of the new calendar year. W-2 forms are distributed by mail to all employees by the middle of January. All W-2 information is submitted electronically to the IRS through NCOCC.

The Treasurer reviews and signs various payroll reports including information on departures, severance pay, bi-weekly payroll, per pay comparisons, overtime, and staff counts, as well as APPSUM, ACCRPT, and BUDSUM reports.

Auditor of State Comments

None

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Debt Administration

Description of an Effective Method of Debt Administration

The issuance of debt is strictly controlled by State statute. Before debt is issued, a resolution authorizing the issuance of debt should be passed by the Board. The statute authorizing the issuance should be identified in the resolution as well as the purpose of the debt, the principal amount, the maturity, interest rate, and the source of revenue to be used for repayment. Debt instruments should be signed by the president or vice president of the Board and the Treasurer. Debt proceeds should be receipted into a separate fund when appropriate and used only for the purpose specified in the authorizing resolution. Money to be used for debt payment may be receipted in a separate fund created specifically for debt retirement. Care should be taken to ensure the timely payment of both principal and interest.

Statutory Requirements

General statutory guidelines regarding the issuance of debt are found in Chapters 133 and 5705 of the Revised Code. Specific statutes relating to school districts are found in Title 33 of the Ohio Revised Code. The statutory requirements vary depending on the nature of the debt being issued.

School District's Debt

Debt issuances are approved by the Board by resolution. The Board resolution identifies the statute which allows for the issuance of the debt, the purpose, the principal amount, the maturity date or dates, interest rate, and the source of revenue to be used for repayment. Debt issuances are signed by the Treasurer.

The Treasurer and the Treasurer's staff keep track of the debt schedules and match all bills received for debt to the appropriate amortization schedules to ensure that the correct debt payments are made. Debt payments are generally made by wire transfer. All debt documents and amortization schedules are kept on file in the Treasurer's Department.

The amount of the School District's outstanding debt at June 30, 2014, consists of the following:

	Interest Rate	Principal Outstanding 6/30/2014
General Obligation Refunding Bonds - 2005	3.00-5.00%	\$1,865,592
General Obligation Refunding Bonds - 2013	1.00-3.625	8,187,367
Tax Anticipation Notes - 2013	3.500	2,290,000
Energy Conservation Notes - 2013	1.00-3.500	2,901,719
Solvency Assistance Fund	0.000	3,685,000
<i>Total Debt</i>		<u>\$18,929,678</u>

On July 27, 2005, the School District issued general obligation bonds to advance refund a portion of the Series 2000 current interest bonds. The issuance proceeds of \$15,342,930 were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. During 2013, the School District refunded \$8,205,000 of the current interest bonds.

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On June 24, 2013, the School District issued general obligation bonds to advance refund a portion of the Series 2005 current interest bonds. The issuance proceeds of \$8,204,995 were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt.

On June 19, 2013, the School District issued \$2,500,000 in tax anticipation notes to fund general operations. The notes will be repaid with future tax receipts. The notes have a 3.5 percent interest rate and a final maturity date of October 1, 2018.

On December 12, 2012, the School District issued \$2,901,719 in energy conservation notes to make energy improvements in accordance with House Bill 264. The notes have an interest rate ranging from 1 to 3.5 percent, with a final maturity date of December, 2028.

During fiscal year 2014, the School District received an interest free State solvency advance in the amount of \$3,685,000. The State solvency assistance advance will be paid from the general fund with school foundation revenue. The School District will pay \$1,842,500 in fiscal years 2015 and 2016 to retire the solvency assistance advance.

Auditor of State Comments

None

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Capital Assets and Supplies Inventory

Description of an Effective Inventory of Capital Assets and Supplies

Capital assets of the school district should be accounted for and reported in accordance with generally accepted accounting principles (GAAP). Capital assets of the school district should be adequately safeguarded against loss or theft. The school district should have a policy that defines capital assets, capitalization thresholds, determination of cost, useful lives, method of depreciation, assignment of assets and depreciation expense to an expense function, tracking of capital and non-capital assets, and determination of salvage value. An inventory should be maintained that includes a description of each item, its cost, serial and/or model numbers, date of purchase, location, useful life, salvage value, depreciation information, fund and account used to purchase asset, tag number, whether the item is leased, and current purchases and disposals. The purchase and disposal of an asset should be authorized by the governing board, reported to and promptly recorded by the Treasurer, and insurance records adjusted. The transfer or reassignment of assets should be approved by an appropriate official and promptly recorded. Verification of the listed assets should be performed periodically.

Consumable materials and supplies lose their original shape or appearance with use. Examples include office supplies, gasoline, cafeteria supplies and food, and donated commodities. Inventories, where appropriate, should be monitored, controlled, and a physical inventory of materials and supplies should be performed periodically to ensure that items purchased are on hand or have been used. A physical inventory of all material items should be conducted at or near fiscal year-end.

Statutory Requirements

Section 3313.41(A), Revised Code, requires that, except as provided in divisions (C),(D),(F), and (G) of this section and in Section 3313.412 of the Revised Code, when a Board decides to dispose of real or personal property that it owns in its corporate capacity, and that exceeds in value \$10,000, it shall sell the property at public auction, after giving at least thirty days' notice of the auction by publication in a newspaper of general circulation or by posting notices in five of the most public places in the school district in which the property, if it is real property, is situated, or, if it is personal property, in the school district of the Board that owns the property. The Board may offer real property for the sale as an entire tract or in parcels. Under division (B), when the Board has offered real or personal property for sale at public auction at least once pursuant to division (A) of this section, and the property has not been sold, the Board may sell it at a private sale. Regardless of how it was offered at public auction, at a private sale, the Board shall, as it considers best, sell real property as an entire tract or in parcels, and personal property in a single lot or in several lots. Real property is a permanent improvement and the proceeds are to be recorded into a permanent improvement fund as required by Section 5705.01 and 5705.10, Revised Code.

Administrative Code Requirements: Section 117-2-02 (D)(4)(c) of the Ohio Administrative Code requires that the school district maintain capital asset records including such information as the original cost, acquisition date, voucher number, the asset type (land, building, vehicle, etc.), asset description, location and tag number. Local governments preparing financial statements using generally accepted accounting principles will want to maintain additional data. Capital assets are tangible assets that normally do not change form with use and should be distinguished from repair parts and supply items.

School District's Method of Accounting for Capital Assets

The Board has adopted formal policies regarding capital assets and inventory. The School District's capital asset policy sets the capitalization threshold at \$5,000. For items typically purchased in aggregate, the Board policy states that the Director of Operations should verify which items are to be classified as capital assets and

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recorded at the time of purchase or acquisition. Any equipment over \$500 is listed as inventory. The Board policy defines capital assets as those tangible assets of the School District with a useful life in excess of one year, an initial cost equal to or exceeding the capitalization threshold, and which the School District intends to hold or continue in use over an extended period of time. Assets for which accountability is desired that have a value less than \$5,000 may, at the School District's discretion, be entered into the capital asset system for control purposes only but are not reported on the financial statements. The classification of capital assets includes land, construction-in-progress, land improvements, buildings and improvements, furniture and equipment, and vehicles. All assets are capitalized at cost, or if not determinable, estimated purchase price or fair market value at the time of acquisition.

The policy further requires the School District to maintain a capital assets accounting system. The capital assets accounting system is to provide sufficient information to permit adequate insurance coverage, permit the preparation of year-end financial statements in accordance with generally accepted accounting principles, and provide control and accountability.

The School District uses the EIS capital asset system. The information provided in the capital asset reports includes the asset tag number, asset class, acquisition date, useful life, description of asset, location of asset, original cost and the fund and function from which the asset was purchased. Capital assets are physically tagged. The asset tag aids in identifying the existence of the asset. The Technology Support employee is in charge of maintaining the capital assets EIS system. In some instances, the EIS system is not properly updated when changes in capital assets occur.

Executive Assistants of Accounts Payable from the Treasurer's Department make copies of all purchase orders over \$500 for equipment (object code 600). The copies are on brown paper to indicate items may need inventoried. This brown copy goes to the Technology Department. The Technology Support employee fills out an inventory acquisition form for all purchases out of an equipment account and for software purchases if the cost is over \$5,000. This form includes the acquisition date, purchase order number, asset location, asset description, tag number, model or serial number, and asset cost.

Unless it is already indicated in the body of the purchase order, the Executive Assistants of Accounts Payable write the name of the Technology Support Person on the copy of the purchase order that goes to receiving so that the receiving department knows the equipment must go to the Technology Department for inventorying and tagging. Most of the time, such equipment is delivered to the Technology Support Office, where the Technology Support Person checks for serial numbers, model numbers, and tags the items. When large quantities of equipment require inventorying, the equipment might be delivered to a school rather than the Technology Support Office. When this occurs, the Technology Support Staff go to the school and tag items on location. At year-end, the Technology Support Person will check with the Executive Assistants of Accounts Payable about any purchase orders (brown copies) that have not been received and inventoried.

The EIS capital assets software calculates annual depreciation on a straight line basis by dividing the original cost less assigned salvage value by the estimated useful life. The School District however does not assign salvage values.

When employees wish to dispose of an asset, they notify the Administrator of the building or the Technology Department. A disposal form must be completed and given to the Technology Department, and the Technology Support employee decides whether an item is to be returned or can be disposed of on site. The disposal form includes the date, location of the equipment, tag number, asset description, model or serial number, and reason for the disposal. The equipment is recycled if not salvageable. Typically, assets are disposed of rather than sold.

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The School District does not perform an annual physical inventory of capital assets. A complete physical inventory was completed in the spring of 2012, and additions and deletions are added annually. The Technology Support Department spot checks capital assets and maintains a spreadsheet including item numbers, serial numbers, sign out dates, and the names of persons who signed out equipment. The Technology Support Department sets up times before the end of the school year to spot check equipment to ensure that faculty and staff still have their assigned equipment.

School District's Methods for Supplies

The School District does perform an annual physical inventory of supplies to verify existence or non-existence. For financial reporting purposes, the inventory of supplies that is reported includes food service supplies, bus garage parts, and maintenance supplies.

The Head Cook at each school takes a monthly physical count of the inventory (monthly beginning in August before the first delivery and ending after school lets out for the summer) and gives the numbers to the Food Service Director's Assistant. The Food Service Director's Assistant tracks the quantities on an excel spreadsheet that calculates the dollar amount of the inventory based on the cost per unit. The Food Service Director uses the dollar amount totals from the monthly inventory spreadsheet to complete the State Child Nutrition reports online which are submitted to the State Department of Education.

Auditor of State Comments

1. The Board policy should be expanded to address valuing donated assets, assigning salvage values and addressing private property (items belonging to staff and students).
2. The EIS system is sometimes not updated for changes in capital assets. Internal control systems should be put in place to make sure the EIS system is properly updated when capital assets change.

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Financial Accounting Report

Cash Management and Investing

Description of an Effective Method of Cash Management

Cash received by a school district should be deposited in a central bank account. Monies for all funds should be maintained in the account or temporarily used to purchase investments. Reconciliations should be completed for all accounts on a monthly basis. The books should be closed at the end of the last business day of the month and processing of transactions for the new month should commence the following business day. The reconciliations should be completed immediately upon receipt of the bank statement. Reconciling items should be specifically identified and listed with supporting documentation attached. Reconciling items such as unrecorded deposits and bank charges should be posted upon completion of the bank reconciliation.

Statutory Requirements

Interim cash should be invested according to Section 135.14 of the Revised Code. The deposits of public money should be insured and/or collateralized to ensure repayment of public monies deposited with a financial institution. Interest allocation should be in accordance with the Ohio Constitution and State statutes. Cash management and investment activities of a school district are additionally governed by Sections 135.01 to 135.22, and 3313.31 and 3315.01 of the Ohio Revised Code.

Section 135.14(O)(1), Revised Code, states, “Except as otherwise provided in divisions (O)(2) and (3) of this section, no Treasurer or governing board shall make an investment or deposit under this section, unless there is on file with the Auditor of State a written investment policy approved by the Treasurer or governing board. The policy shall require that all entities conducting investment business with the Treasurer or governing board shall sign the investment policy of that subdivision.”

Section 135.14(O)(2), Revised Code, states, “If a written investment policy described in division (O)(1) of this section is not filed on behalf of the subdivision with the Auditor of State, the Treasurer or governing board of that subdivision shall invest the subdivision's interim moneys only in interim deposits pursuant to division (B)(3) of this section, or in interim deposits pursuant to Section 135.145 of the Revised Code and approved by the Treasurer of State, no-load money market mutual funds pursuant to division (B)(5) of this section, or the Ohio subdivision's fund pursuant to division (B)(6) of this section.”

Section 135.14(O)(3), Revised Code, states, “Divisions (O)(1) and (2) of this section do not apply to a Treasurer or governing board of a subdivision whose average annual portfolio of investments held pursuant to this section is one hundred thousand dollars or less, provided that the Treasurer or governing board certifies, on a form prescribed by the Auditor of State, that the Treasurer or governing board will comply and is in compliance with the provisions of sections 135.01 to 135.21 of the Revised Code.”

Section 135.22, Revised Code, requires the Treasurer to attend annual training programs of continuing education for treasurers provided by the Treasurer of State.

Section 135.12, Revised Code, requires that the designation period for depositories be five years.

Section 3315.01, Revised Code, allows the Board of any school district to adopt a resolution requiring the Treasurer of the school district to credit the earnings made on the investment of the principal of the moneys specified in the resolution to the fund from which the earnings arose or any other fund of the school district as the board specifies in its resolution, except for earnings made on the investment of the debt service fund, the sinking fund, a bond fund or the school facilities project fund.

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Federal Requirements

The Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA) requires that, in order for a depositor to have a valid claim to assets of a failed financial institution, there must be a security agreement. This agreement must have been:

1. in writing;
2. executed by the financial institution and the depositor making the claim;
3. approved by the board of directors or loan committee of the institution; and
4. an official record of the financial institution continuously from the time of its execution.

If these requirements are not fulfilled, the Federal Deposit Insurance Cooperation (FDIC) may be able to void a security interest and leave the school district with only the right to share with other creditors in the pro rata distribution of the assets of a failed institution.

The School District's Methods of Cash Management and Investing

The School District's treasury activities are the responsibility of the Treasurer. The Executive Assistant to the Treasurer reconciles the treasury with the accounting records and transfers cash among the various bank accounts as needed. An Executive Assistant of Accounts Payable and an Executive Assistant of Payroll also have access to transfer cash between bank accounts for payroll. The School District maintains a general checking account with a related sweep account, a public funds (PFX) checking account with a related sweep account, a payroll checking account, and a STAR Ohio account. Except for STAR Ohio, all accounts are with Richland Bank. The PFX account was originally established to take advantage of higher interest rates, but this is no longer the case and the interest it earns each month is transferred to the general checking account.

All receipts go into the general checking account. The bank transfers the balance to the sweep account overnight where it earns interest. Checks are written against the general checking account for the daily operations, other than payroll, of the School District. Transfers are made for payroll from the general checking account into the payroll account.

At the beginning of each month, the Treasurer closes out the previous month. As quickly as possible, the Executive Assistant to the Treasurer reconciles the bank accounts for the previous month. To identify outstanding checks, the Executive Assistant to the Treasurer enters into the accounting system the check numbers that cleared the bank per the bank statement and then runs an outstanding check register report. Any discrepancies are noted on the monthly cash reconciliation. In addition, a list of reports is prepared and given to the School District's ODE Consultant.

Voided general operations and payroll checks have "void" stamped on them by an Executive Assistant of Accounts Payable. The voided checks are filed in numerical order in the Treasurer's Department. The signature blocks are not cut out.

The School District has a Board approved investment policy on file with the Auditor of State. The policy states that the Treasurer is authorized to make investments with available monies from the funds of the School District in securities authorized by State Law. Earnings on investments are receipted into the general fund. The amount of interest earned and what funds it belongs in are tracked as the year goes on. Once per year, the Board passes a resolution stating how interest will be allocated to the funds, and the interest is reallocated to the funds it belongs in according to this resolution. For fiscal year 2014, these funds include the Mehock fund, building fund, food service fund, Evilsizor fund, Brinkerhoff fund, presidential classroom fund, Ling

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scholarship fund, Diez scholarship fund, and the auxiliary service funds. The only investment the School District holds is a STAR Ohio account. The Treasurer annually attends training on investing offered by the State Treasurer's office.

Petty cash funds are maintained by any building or department that wants one. For the current fiscal year, Sherman, Prospect, Woodland, Malabar, and the alternative school and high school buildings all have petty cash funds as well as the Maintenance, Adult Education and Food Service departments, and the Treasurer's Department. The School District has a Board approved policy in place for the use and replenishment of the petty cash funds. These accounts are established at the start of each school year, by written request of the administrator, and are receipted back to the Treasurer's Department before year end.

Auditor of State Comments

1. The signature blocks are not cut out of voided checks. All voided checks should have the signature cut out.

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Financial Accounting Report

Financial Reporting

Description of Effective Method of Financial Reporting

The Treasurer should periodically provide the Board with reports setting forth year-to-date receipts, disbursements, outstanding encumbrances, and available fund balances for each fund of the school district. In addition, information concerning estimated and actual receipts, appropriations and disbursements plus encumbrances should be presented for the Board's review. On an annual basis, the Treasurer should prepare and publish within 150 days of fiscal year-end financial statements prepared in accordance with generally accepted accounting principles (GAAP) and Section 117-2-03(B).

Statutory Requirements

Section 117.38, Revised Code, requires an annual financial report to be certified by the Treasurer and filed with the Auditor of State within one hundred and fifty days after the close of the fiscal year-end. At the time the report is filed with the Auditor of State, the Treasurer should publish notice in a newspaper published within the school district. The notice should state that the financial report has been completed and is available for public inspection at the office of the Treasurer.

Section 3313.29, Revised Code, requires the Treasurer to render a statement to the Board and to the Superintendent of the school district, monthly, or more often if required, showing the revenues and receipts from whatever sources derived, the various appropriations made by the Board, the expenditures and disbursements therefrom, the purposes thereof, the balances remaining in each appropriation, and the assets and liabilities of the school district. At the end of the fiscal year such statement shall be a complete exhibit of the financial affairs of the school district which may be published and distributed with the approval of the Board.

The School District's Method of Financial Reporting

The School District uses USAS software from the State of Ohio which allows for standard and customized month and year-to-date reports. The School District prepares month and year-to-date reports, including the revenue, budget, and appropriation account summary reports, which are kept on file in the Treasurer's Department.

During the monthly Board meetings, the Board members receive copies of many reports, including month-and year-to-date revenue and expenditure reports, all of the reports prepared for the ODE Consultant, as well as others that are provided according to requests of the Board members.

The School District prepares its annual financial report in accordance with generally accepted accounting principles (GAAP). The unaudited financial statements are filed with the Auditor of State within 150 days of the end of the fiscal year end or, if unable to meet the deadline, an extension is requested. The School District filed a copy of its annual financial report to the office of the Auditor of State for the fiscal year ended June 30, 2014, on December 5, 2014, as a 30 day extension had been granted. As soon as the financial audit is released by the Auditor of State, the audit is distributed to all Board members.

The School District publishes a notice of the availability of the financial statements in the local newspaper as well as on their website. Copies of the financial statements are kept at the School District for the public and distributed when requested. All requests of financial information from the public are prepared and distributed by the Treasurer's Department.

Auditor of State Comments

None

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Financial Accounting Report

Recording Official Proceedings

Description of an Effective Method of Recording Official Proceedings

The school district's minutes should reflect full and accurate information to permit the public's understanding and appreciation of the rationale behind the Board's decisions. Minutes of proceedings should be approved at the subsequent meeting. A resolution should be limited to one subject, which should be clearly expressed in its title. Proposed legislation is to be drafted and available for all Board members to review prior to the Board meeting at which they will vote upon it. In the adoption or passage of a resolution, the yeas and nays should be entered into the minutes and the resolution should be signed by the presiding officer and the Treasurer. All Board minutes and resolutions should be maintained as a permanent record of the Board.

Statutory Requirements

Section 3313.26, Revised Code, requires the Treasurer to record the proceedings of each meeting in a book to be provided by the Board for that purpose, which shall be a public record. The record of proceedings for each meeting of the Board shall be read at its next succeeding meeting, corrected, and approved, which approval shall be noted in the proceedings. After such approval, the president shall sign the record and the Treasurer shall attest it.

By resolution, a Board may waive the reading of the record of any of its proceedings, provided that such record has been distributed to the members of the Board at least two days prior to the date of the next succeeding meeting and that copies of such record are made available to the public and news media. Such regulation shall be in full force and effect until such time as amended or rescinded by the Board.

Section 121.22, Revised Code, requires the minutes of a regular or special meeting of any public body shall be promptly prepared, filed, and maintained and be open to public inspection. The Ohio Supreme Court has held that the minutes must be "full and accurate," which means that they must contain sufficient facts and information to permit the public to understand and appreciate the rationale behind the relevant decision. The public not only has a right to know a government body's final decision on a matter, but also the means by which those decisions were reached. The minutes need only reflect the general subject matter of discussions in executive sessions.

The School District's Method of Recording Official Proceedings

The School District has a Board policy for minutes that indicates the persons responsible for taking minutes, the content that should be included in the minutes, and procedures for the approval and filing of minutes. The Board usually holds their regular monthly meetings on the third Tuesday of each month. The Treasurer, the Assistant to the Superintendent, and the Public Relations Consultant take handwritten notes during the Board of Education meetings. From those notes, the Assistant to the Superintendent types up the minutes of the meeting; those minutes are proofed by the Treasurer and sometimes by the Board President. The minutes include who is in attendance, a summary of topics discussed, resolution numbers and a description of the resolution, votes on each resolution and any reports or materials handed out to support the resolutions. The minutes are approved by the Board at the following month's meeting and signed by the Treasurer and the Board President. Typed minutes are kept in binders in a fireproof safe in the Treasurer's Department. Board minutes are also available on the School District's website.

Auditor of State Comments

None

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Financial Accounting Report

Conclusion

The methods described and included in this report are based on our inquiries and discussions with School District personnel and the related procedures documented from the School District's Policy Manual, resolutions, Ohio Administrative Code and the Ohio Revised Code. These methods, in some cases, vary from the actual methods used in performing the daily activities.

It is the opinion of the office of the Auditor of State that the current methods of the accounting and financial reporting of the Mansfield City School District are not completely in compliance with Chapter 117 of the Ohio Revised Code and the requirements of the Auditor of State as disclosed throughout this report.



Dave Yost • Auditor of State

MANSFIELD CITY SCHOOL DISTRICT

RICHLAND 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 2, 2015**