

**Management Letter**

Board of Education  
Clinton Massie Local School District  
2556 Lebanon Road  
Clarksville, Ohio 45113

We have audited the financial statements of Clinton Massie Local School District, Clinton County, Ohio (the District) as of and for the year ended June 30, 2023, and have issued our report thereon dated March 14, 2024.

*Government Auditing Standards* requires us to report significant internal control deficiencies, fraud, and illegal acts (including noncompliance with laws and regulations), and also abuse and noncompliance with contracts and grant agreements that could directly and materially affect the determination of financial statement amounts. We have issued the required report dated March 14, 2024, for the year ended June 30, 2023.

Office of Management and Budget Uniform Guidance requires that we report all material (and certain immaterial) instances of noncompliance and significant internal control deficiencies, related to major federal financial assistance programs. We have issued the required report dated March 14, 2024, for the year ended June 30, 2023.

We are also submitting the following comment for your consideration regarding the District's compliance with applicable laws, regulations, grant agreements, contract provisions, and internal control. The comment reflects a matter that does not require inclusion in the report *Government Auditing Standards* requires. Nevertheless, this comment represents a matter for which we believe improvements in compliance or internal controls, or operational efficiencies might be achieved. Due to the limited nature of our audit, we have not fully assessed the cost-benefit relationship of implementing this recommendation. However, this comment reflects our continuing desire to assist your District. If you have questions or concerns regarding this comment, please do not hesitate to contact us.

An asterisk (\*) indicates that a similar comment was also issued in the previous audit.

**Noncompliance**

Blanket Purchase Orders

Ohio Revised Code Section 5705.41(D)(1) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the Fiscal Officer is attached thereto. The Fiscal Officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Further, contracts and orders for expenditures lacking prior certification shall be null and void.

### **Noncompliance (Continued)**

#### Blanket Purchase Orders (Continued)

There are several exceptions to the standard requirement stated above that a Fiscal Officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in Sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

Blanket Certificate – Fiscal Officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

During our testing, we noted that the District issued two blanket purchase orders in excess of the policy limit established by the School Board. We also noted one blanket purchase order which was open in fiscal year 2022 and remained open and active into fiscal year 2023. The District should implement the appropriate procedures, to ensure that the issuance and use of blanket purchase orders are compliant with Ohio Revised Code and District policy.

#### T1 Transportation Form Reporting

Ohio Revised Code Section 3317.0212 states, in part, that not later than the first day of November of each year, each city, local, and exempted village school district shall report to the department of education its qualifying ridership and any other information requested by the department.

Per Ohio Department of Education instructions for T-1 reporting form, districts shall count riders for each day of the count week, and then report the average daily riders for that week. Beginning in the 2021-22 school year, districts should count students during both the morning and afternoon conveyance and report the greater of the two averages. This report shall also include a 5-day average of daily miles traveled for pupil transportation, excluding non-routine and extra-curricular miles. Special education students and average daily miles will also be reported on the T-1 reporting form. During our testing of the T1 report, and per inquiry of the Treasurer, we noted the District only took a head count of students during the AM routes and not both AM and PM as required. We recommend the District periodically review T1 reporting form instructions from the Ohio Department of Education to ensure compliance with mandatory requirements.

#### Transportation Contract Approval

Ohio Revised Code Section 3327.017(B) states, in part, that no city, local, or exempted village school district shall provide or arrange for transportation for any eligible student enrolled in any of grades kindergarten through eight in a community school established under Chapter 3314. of the Revised Code or chartered nonpublic school to and from school using vehicles operated by a mass transit system, unless the district enters into an agreement with that school authorizing such transportation. An agreement under division (B) of this section shall not be effective unless both the school district and community or chartered nonpublic school approve it. Per inquiry of the Treasurer, the Board of Education did not review or approve the contracts with Wilmington Transit for Type 3 transport of District students. The District should take steps to ensure that all contracted work is approved by the Board per Ohio Revised Code requirements.

### **Noncompliance (Continued)**

#### Contracts

Ohio Revised Code Section 3313.33(B)(1) states, in part, that no contract shall be binding upon any board unless it is made or authorized at a regular or special meeting of such board.

When a Board of Education determines to build, repair, enlarge, improve or demolish any school building with a cost in excess of \$50,000, the Board is required to:

- Prepare plans and specifications. [Ohio Revised Code section 3313.46(A)(1)]
- Advertise for bids once a week for not less than two consecutive weeks. [Ohio Revised Code section 3313.46(A)(2)]
- Open the bid at the time and place specified by the Board in the advertisement for bids. [Ohio Revised Code section 3313.46(A)(3)]
- When the work bid includes both labor and materials, the Board may require that each be separately bid or may require that that be bid as one. [Ohio Revised Code section 3313.46(A)(5)]
- Award the contract to the lowest responsible bidder. [Ohio Revised Code section 3313.46(A)(6)] Ohio Revised Code Section 3313.33(B)(1) states, in part, that no contract shall be binding upon any board unless it is made or authorized at a regular or special meeting of such board.

During testing of contracts, we noted that the District accepted two proposals from American Sound for the replacement of two intercom systems for which the combined total exceeded the \$50,000 competitive bidding threshold. We noted that proposals were submitted in a narrow time frame for an identical scope of work indicating possible bid splitting. Per inquiry of the Treasurer and review of the minutes, the quotes were not reviewed or approved by the Board. The District should take steps to ensure that all contracted work that exceeds the competitive bidding threshold is approved by the Board and competitively bid per Ohio Revised Code requirements.

#### Prevailing Wages

2 CFR Section 3474 gives regulatory effect to the Department of Education for Appendix II to 2 CFR Section 200 which states that, in addition to other provisions required by the Federal agency or non-Federal entity, all contracts made by the non-Federal entity under the Federal award must contain provisions covering the following, as applicable:

(D) Davis-Bacon Act, as amended (40 U.S.C. 3141-3148). When required by Federal program legislation, all prime construction contracts in excess of \$2,000 awarded by non-Federal entities must include a provision for compliance with the Davis-Bacon Act (40 U.S.C. 3141-3144 and 3146-3148) as supplemented by Department of Labor regulations (29 CFR Part 5, "Labor Standards Provisions Applicable to Contracts Covering Federally Financed and Assisted Construction").

In accordance with the statute, contractors must be required to pay wages to laborers and mechanics at a rate not less than the prevailing wages specified in a wage determination made by the Secretary of Labor. In addition, contractors must be required to pay wages not less than once a week. The non-Federal entity must place a copy of the current GF prevailing wage determination issued by the Department of Labor in each solicitation. The decision to award a contract or subcontract must be conditioned upon the acceptance of the wage determination.

### **Noncompliance (Continued)**

#### Prevailing Wages (Continued)

29 CFR Section 5.5(a)(3)(ii)(A) states, in part, that a contract in excess of \$2,000 which is entered into for the actual construction, alteration and/or repair of a public building or public work, or building or work financed in whole or in part from Federal funds or in accordance with guarantees of a Federal agency or financed from funds obtained by pledge of any contract of a Federal agency to make a loan, grant or annual contribution shall require a clause that the contractor shall submit weekly for each week in which any contract work is performed a copy of all payrolls to the appropriate agency if the agency is a party to the contract, but if the agency is not such a party, the contractor will submit the payrolls to the applicant, sponsor, or owner, as the case may be, for transmission to the agency.

During testing of contract expenditures, we noted three contracts subject to Federal prevailing wage laws that did not include the required language in a contract. The District did receive certified payrolls for one of the three contracts. The District should implement additional procedures to ensure documentation is reviewed for compliance with prevailing wage rate requirements, when applicable.

#### Single Fund Certification

2 CFR 200.430(i)(1) states that charges to federal awards for salaries and wages must be based on records that accurately reflect the work performed. Ohio Department of Education's Grant Management Guidance 2014-002 states that semi-annual certifications and time-and-effort documentation are used to support salary amounts charged to a federal program. The type of documentation required is based on the funding source and/or cost objective. The District failed to obtain a single fund certification from two employees paid out of the Special Education fund. The District should implement additional operating and monitoring procedures to ensure all District employees complete semi-annual certifications when employees are paid solely from funds containing Federal award monies.

#### Appropriations of Federal and State Grants

Per Ohio Revised Code Section 5705.42, Federal and State grants or loans are "deemed appropriated" for such purpose by the taxing authority as provided by law and shall be recorded as such by the fiscal officer of the subdivision and is deemed in process of collection. The District had funds with expenditures in excess of appropriations at year-end in funds that account for federal and state grants, however the appropriations "deemed" in effect were not recorded within the final budget, resulting in the apparent deficiencies noted. The District should implement procedures to ensure that estimated resources and appropriations are properly accounted for within the accounting system, including those "deemed appropriated" by State law, to ensure that budgetary information within the accounting system is complete. Further, we recommend that these estimated resources and appropriations are filed with the County Auditor, when appropriate, to ensure complete and consistent budgetary information for monitoring purposes.

### **Suggestions for Improvement**

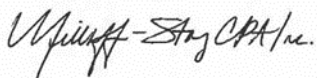
#### Capital Assets\*

Accurate capital asset information within the District's accounting system is pertinent to ensuring that the District has accurate and complete information for decision-making processes. During testing of capital assets, we noted variances in beginning and ending balances between the financial statements and the valuation reports prepared by the District. This is due to the District not properly recording all capital asset additions with the Equipment Inventory System (EIS). The District added assets acquired in previous years to the EIS system totaling \$448,493 to current year additions and included the prior accumulated depreciation in current year depreciation expense. The net effect to beginning net position was not material and therefore not corrected in the financial statements. The District should implement the appropriate procedures to ensure that all system reports accurately represent the current financial position of the District. Additionally, we recommend that the District consult with its compiler to ensure that all assets are reported on the valuation report the year in which the assets were acquired. Also, the District should ensure that the valuation reports and financial statements are accurate, complete, and consistent with one another.

#### Expenditure Controls

Having a sound internal control framework is pertinent to a properly functioning organization. A pertinent element of a properly functioning internal control system is proper administration of approved policies. During our testing of credit card transactions, there was one instance of a late payment which resulted in late penalties and interest charges of \$786.74. This amount was not paid by the District and credited back on the next statement. We also noted one transaction in which \$1.34 in sales tax was charged. The District should implement procedures to ensure that bills are paid before the due date to avoid late fees and interest and that sales tax is not paid.

This report is intended solely for the information and use of management, the Board of Education, others within the District, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Millhuff-Stang, CPA, Inc.  
Chillicothe, Ohio

March 14, 2024