



Mary Taylor, CPA
Auditor of State

**CELINA CITY SCHOOL DISTRICT
MERCER COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Basic Financial Statements – June 30, 2009:	
Government-Wide Financial Statements:	
Statement of Net Assets – Cash Basis – June 30, 2009.....	9
Statement of Activities – Cash Basis – for the Fiscal Year Ended June 30, 2009	10
Fund Financial Statements:	
Statement of Cash Basis Assets and Fund Balances – Governmental Funds June 30, 2009.....	11
Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Basis Fund Balances - Governmental Funds for Fiscal Year Ended June 30, 2009	12
Statement of Receipts, Disbursements, and Changes in Fund Balance Budget (Non-GAAP Basis) and Actual – General Fund For the Fiscal Year Ended June 30, 2009	13
Statement of Cash Basis Fiduciary Net Assets – Agency Funds June 30, 2009	14
Notes to the Basic Financial Statements – For the Fiscal Year Ended June 30, 2009	15
Schedule of Federal Awards Receipts and Expenditures – For the Fiscal Year Ended June 30, 2009	33
Notes to the Schedule of Federal Awards Receipts and Expenditures – For the Fiscal Year Ended June 30, 2009	34
Independent Accountants' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required By <i>Governmental Auditing Standards</i>	35
Independent Accountants' Report on Compliance with Requirements Applicable To Each Major Federal Program and on Internal Control over Compliance in Accordance With OMB Circular A-133.....	37
Schedule of Findings and Questioned Cost.....	39
Schedule of Prior Audit Findings.....	42
Corrective Action Plan.....	43
Independent Accountants' Report on Applying Agreed-Upon Procedures.....	45

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Celina City School District
Mercer County
585 E. Livingston Street
Celina, Ohio 45822

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Celina City School District, Mercer County, (the District), as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

Ohio Administrative Code § 117-2-03 (B) requires the Government to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. However, as discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than generally accepted accounting principles. The accompanying financial statements and notes omit assets, liabilities, fund equities, and disclosures that, while material, we cannot determine at this time.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, the major fund, and the aggregate remaining fund information of Celina City School District, Mercer County, Ohio, as of June 30, 2009, and the respective changes in cash financial position and the respective budgetary comparison for the General and thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2009, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Federal Awards Receipts and Expenditures is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. We subjected the Schedule of Federal Awards Receipts and Expenditures to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

November 3, 2009

**CELINA CITY SCHOOL DISTRICT
MERCER COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
UNAUDITED**

The discussion and analysis of Celina City School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2009, within the limitations of cash basis of accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the School District's cash basis of accounting.

The School District has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Basis of accounting is a reference to when financial events are recorded, such as the timing for recognizing receipts, disbursements, and the related assets and liabilities. Under the School District's cash basis of accounting, receipts and disbursements and the related assets and liabilities are recorded when they result in cash transactions.

As a result of using the cash basis of accounting, certain assets and their related receipts (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion with this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

The statement of net assets and the statement of activities provide information about the cash activities of the whole School District.

Fund financial statements provide a greater level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds, with all other nonmajor funds presented in total in a single column. For Celina City School District, the General Fund is the most significant fund.

Reporting the School District as a Whole

The statement of net assets and the statement of activities reflect how the School District did financially during fiscal year 2009, within the limitations of cash basis accounting. The statement of net assets presents the cash balance of the governmental activities of the School District at fiscal year end. The statement of activities compares cash disbursements with program receipts for each function or program of the School District's governmental activities. A function is a group of related activities designed to accomplish a major service or regulatory program for which the School District is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants, contributions, and interest restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the School District's general receipts.

These statements report the School District's cash position and the changes in cash position. Factors which contribute to these changes may include the School District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs, and other factors.

**CELINA CITY SCHOOL DISTRICT
MERCER COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
UNAUDITED
(Continued)**

In the statement of net assets and the statement of activities, all of the School District activities are presented as governmental activities. All of the School District's programs and services are reported here including instruction, support services, non-instructional services, extracurricular activities, capital outlay, and debt service disbursements.

Reporting the School District's Most Significant Funds

Fund financial statements provide detailed information about the School District's major funds. While the School District uses many funds to account for its financial transactions, the fund financial statements focus on the School District's most significant funds. The School District's only major governmental fund is the General Fund.

Governmental Funds – All of the School District's activities are reported in governmental funds, which focus on how monies flow into and out of those funds and the balances left at fiscal year end for spending in future periods. These funds are reported using the cash basis of accounting. The governmental fund financial statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance educational programs.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the School District. Fiduciary funds are not reflected on the government-wide financial statements because the resources from these funds are not available to support the School District's programs.

The School District as a Whole

Table 1 provides a summary of the School District's net assets for fiscal year 2009 and fiscal year 2008:

Table 1			
Governmental Activities			
Net Assets			
	2009	2008	Change
Assets	<u>\$15,325,264</u>	<u>\$14,151,311</u>	<u>\$1,173,953</u>
Net Assets:			
Restricted	3,329,818	3,396,596	(66,778)
Unrestricted	11,995,446	10,754,715	1,240,731
Total Net Assets	<u>\$15,325,264</u>	<u>\$14,151,311</u>	<u>\$1,173,953</u>

Total net assets increased \$1,173,953, or 8 percent. Although there was a decrease in receipts and disbursements increased 3 percent, the excess of receipts over disbursements provided for the increase in net assets.

**CELINA CITY SCHOOL DISTRICT
MERCER COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
UNAUDITED
(Continued)**

Table 2 reflects the change in net assets for fiscal year 2009 and fiscal year 2008.

**Table 2
Governmental Activities
Changes in Net Assets**

	2009	2008	Change
Receipts:			
Program Receipts:			
Charges for Services	\$ 2,484,704	\$ 2,715,354	(\$ 230,650)
Operating Grants, Contributions, and Interest	4,646,005	4,726,250	(80,245)
Capital Grants and Contributions	21,801	13,259	8,542
Total Program Receipts	<u>7,152,510</u>	<u>7,454,863</u>	<u>(302,353)</u>
General Receipts:			
Property Taxes Levied for General Purposes	10,719,091	10,767,291	(48,200)
Property Taxes Levied for Debt Service	1,068,700	1,134,174	(65,474)
Income Taxes	2,543,471	2,622,165	(78,694)
Payment in Lieu of Taxes	167,413	121,382	46,031
Grants and Entitlements	12,063,473	11,567,118	496,355
Interest	379,117	691,690	(312,573)
Gifts and Donations	2,198		2,198
Miscellaneous	192,902	219,229	(26,327)
Total General Receipts	<u>27,136,365</u>	<u>27,123,049</u>	<u>13,316</u>
Total Receipts	<u>34,288,875</u>	<u>34,577,912</u>	<u>(289,037)</u>
Disbursements:			
Instruction:			
Regular	13,901,342	13,050,744	(850,598)
Special	3,604,137	4,060,630	456,493
Vocational	1,473,342	1,452,760	(20,582)
Adult/Continuing	4,070		(4,070)
Support Services:			
Pupils	1,883,462	1,775,374	(108,088)
Instructional Staff	1,459,331	1,294,846	(164,485)
Board of Education	72,483	53,610	(18,873)
Administration	2,057,679	1,951,142	(106,537)
Fiscal	730,496	744,265	13,769
Business	206,306	192,946	(13,360)
Operation and Maintenance of Plant	2,626,428	2,365,200	(261,228)
Pupil Transportation	1,354,178	1,565,801	211,623
Central	66,468	58,988	(7,480)
Non-instructional Services	1,392,786	1,424,921	32,135
Extracurricular Activities	943,127	802,543	(140,584)
Capital Outlay	12,316	35,000	22,684
Intergovernmental	1,498		(1,498)
Debt Service:			
Principal Retirement	871,944	860,152	(11,792)
Interest and Fiscal Charges	453,529	472,300	18,771
Total Disbursements	<u>33,114,922</u>	<u>32,161,222</u>	<u>(953,700)</u>
Increase in Net Assets	1,173,953	2,416,690	(1,242,737)
Net Assets at Beginning of Year	14,151,311	11,734,621	2,416,690
Net Assets at End of Year	<u>\$15,325,264</u>	<u>\$14,151,311</u>	<u>\$1,173,953</u>

**CELINA CITY SCHOOL DISTRICT
MERCER COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
UNAUDITED
(Continued)**

Program receipts represent almost 21 percent of total receipts and are primarily represented by charges for services and restricted intergovernmental receipts. Program receipts were comparable to fiscal year 2008.

General receipts represent 79 percent of the School District's total receipts. The change in general receipts was not significant from fiscal year 2008.

The major program disbursements for governmental activities are for instruction, which continued to account for 57 percent of all disbursements. Other programs which support the instruction process, including pupils, instructional staff, administration, operation and maintenance of plant, and pupil transportation also continue to account for 28 percent of all disbursements.

Overall, disbursements increased by 3 percent over fiscal year 2008 primarily from pay increases based on negotiated union agreements.

Table 3 indicates the total cost of services and the net cost of services for governmental activities. The statement of activities reflects the cost of program services and the charges for services, grants, and contributions offsetting those services. The net cost of services identifies the cost of those services supported by tax receipts and unrestricted State entitlements.

**Table 3
Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	2009	2008	2009	2008
Instruction:				
Regular	\$13,901,342	\$13,050,744	\$12,815,946	\$12,208,721
Special	3,604,137	4,060,630	404,282	623,245
Vocational	1,473,342	1,452,760	314,375	(10,004)
Adult/Continuing	4,070		4,070	
Support Services:				
Pupils	1,883,462	1,775,374	1,862,326	1,726,083
Instructional Staff	1,459,331	1,294,846	1,459,331	1,294,846
Board of Education	72,483	53,610	72,483	53,610
Administration	2,057,679	1,951,142	2,057,679	1,951,142
Fiscal	730,496	744,265	711,230	736,415
Business	206,306	192,946	206,306	192,946
Operation and Maintenance of Plant	2,626,428	2,365,200	2,626,428	2,365,200
Pupil Transportation	1,354,178	1,565,801	1,303,866	1,521,417
Central	66,468	58,988	66,468	58,988
Noninstructional Services	1,392,786	1,424,921	133,406	113,559
Extracurricular Activities	943,127	802,543	584,929	502,739
Capital Outlay	12,316	35,000	12,316	35,000
Intergovernmental	1,498		1,498	
Debt Service:				
Principal Retirement	871,944	860,152	871,944	860,152
Interest and Fiscal Charges	453,529	472,300	453,529	472,300
Total Disbursements	\$33,114,922	\$32,161,222	\$25,962,412	\$24,706,359

Instructional activities were largely supported by general receipts (tax receipts and unrestricted grants and entitlements). However, special and vocational instruction activities receive substantial support through program receipts (operating grants). This is the result of resources restricted for special instruction and vocational instruction purposes.

**CELINA CITY SCHOOL DISTRICT
MERCER COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
UNAUDITED
(Continued)**

Non-instructional services received 90 percent of its resources through user charges from cafeteria sales, state and federal subsidies, and donated commodities for food services. The School District also receives a large amount of operating grants for the number of students receiving their education through the parochial school which is reported within non-instructional services.

For fiscal year 2009, 38 percent of extracurricular activities expenses were covered by program receipts. The majority of the program receipts include music and athletic fees, ticket sales, and gate receipts and will fluctuate based on the number of games played at home and how well the athletic teams are playing.

In general, the net cost of services was very comparable to fiscal year 2008.

The School District's Funds

The School District's governmental funds are accounted for using the cash basis of accounting. General Fund receipts and disbursements did not change significantly from fiscal year 2008. Receipts continued to be greater than disbursements during fiscal year 2009, in the amount of \$1,233,645.

Budgeting Highlights

The School District's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During fiscal year 2009, the School District amended its General Fund budget as needed. For receipts, there was an insignificant change from the original budget to the final budget as well as from the final budget to actual receipts.

The School District appropriates at the object level within each fund. There was an increase of 13 percent between the original budget and the final budget. The School District increases appropriations in most instances rather than reallocating existing appropriations as long as there are available resources. Based on this practice, final disbursements were 9 percent less than final appropriations.

Debt Administration

At June 30, 2009, the School District's outstanding debt consisted of general obligation bonds for the construction and renovation of school facilities, in the amount of \$11,464,994. For further information regarding the School District's debt, refer to Note 14 to the basic financial statements.

Current Issues

For fiscal year 2010, the Board of Education increased staff to meet the needs of the special needs student population. One additional special education teacher, speech therapist, and speech therapist intern was employed, along with one hundred days from the Mercer County Educational Service Center for a psychologist.

Discussions with the Ohio School Facilities Commission have been delayed until such time as the economy improves so that a tax levy for any new construction would potentially be approved by the voters.

**CELINA CITY SCHOOL DISTRICT
MERCER COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
UNAUDITED
(Continued)**

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to reflect the School District's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Mike Marbaugh, Treasurer, Celina City School District, 585 East Livingston Street, Celina, Ohio 45822.

**CELINA CITY SCHOOL DISTRICT
MERCER COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS
JUNE 30, 2009**

	<u>Governmental Activities</u>
Assets:	
Equity in Pooled Cash and Cash Equivalents	<u>\$15,325,264</u>
Net Assets:	
Restricted for:	
Debt Service	\$742,829
Capital Projects	274,762
Other Purposes	862,154
Setasides	1,450,073
Unrestricted	<u>11,995,446</u>
Total Net Assets	<u>\$15,325,264</u>

See accompanying notes to the basic financial statements.

**CELINA CITY SCHOOL DISTRICT
MERCER COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	Program Cash Receipts			Net (Disbursement) Receipt and Change in Net Assets	
	Disbursements	Charges for Services	Operating Grants, Contributions, and Interest	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
Instruction:					
Regular	\$13,901,342	\$536,208	\$549,188		(\$12,815,946)
Special	3,604,137	36,821	3,163,034		(404,282)
Vocational	1,473,342	917,317	241,650		(314,375)
Adult/Continuing	4,070				(4,070)
Support Services:					
Pupils	1,883,462		21,136		(1,862,326)
Instructional Staff	1,459,331				(1,459,331)
Board of Education	72,483				(72,483)
Administration	2,057,679				(2,057,679)
Fiscal	730,496	19,266			(711,230)
Business	206,306				(206,306)
Operation and Maintenance of Plant	2,626,428				(2,626,428)
Pupil Transportation Central	1,354,178 66,468	26,115	2,396	\$21,801	(1,303,866) (66,468)
Non-instructional Services	1,392,786	654,485	604,895		(133,406)
Extracurricular Activities	943,127	294,492	63,706		(584,929)
Capital Outlay	12,316				(12,316)
Intergovernmental	1,498				(1,498)
Debt Service:					
Principal Retirement	871,944				(871,944)
Interest and Fiscal Charges	453,529				(453,529)
Total Governmental Activities	\$33,114,922	\$2,484,704	\$4,646,005	\$21,801	(25,962,412)
General Receipts:					
Property Taxes Levied for:					
General Purposes					10,719,091
Debt Service					1,068,700
Income Taxes					2,543,471
Payment in Lieu of Taxes					167,413
Grants and Entitlements not Restricted to Specific Programs					12,063,473
Interest					379,117
Gifts and Donations					2,198
Miscellaneous					192,902
Total General Receipts					27,136,365
Change in Net Assets					1,173,953
Net Assets at Beginning of Year					14,151,311
Net Assets at End of Year					\$15,325,264

See accompanying notes to the basic financial statements.

**CELINA CITY SCHOOL DISTRICT
MERCER COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
JUNE 30, 2009**

	<u>General</u>	<u>Other Governmental</u>	<u>Total</u>
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$11,075,294	\$2,792,491	\$13,867,785
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	1,457,479		1,457,479
Total Assets	<u>12,532,773</u>	<u>2,792,491</u>	<u>15,325,264</u>
Fund Balances:			
Reserved for Encumbrances	1,150,838	262,755	1,413,593
Reserved for Capital Improvements	1,450,073		1,450,073
Reserved for Bus Purchases	3,253		3,253
Reserved for Unclaimed Monies	4,153		4,153
Unreserved, Designated for Termination Benefits		920,152	920,152
Unreserved, Reported in General Fund	9,924,456		9,924,456
Special Revenue Funds		660,683	660,683
Debt Service Fund		742,829	742,829
Capital Projects Funds		206,072	206,072
Total Fund Balances	<u>12,532,773</u>	<u>2,792,491</u>	<u>15,325,264</u>
Total Liabilities and Fund Balances	<u>\$12,532,773</u>	<u>\$2,792,491</u>	<u>\$15,325,264</u>

See accompanying notes to the basic financial statements.

**CELINA CITY SCHOOL DISTRICT
MERCER COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	<u>General</u>	<u>Other Governmental</u>	<u>Total</u>
Receipts:			
Property Taxes	\$10,719,091	\$1,068,700	\$11,787,791
Income Taxes	2,543,471		2,543,471
Payment in Lieu of Taxes		167,413	167,413
Intergovernmental	13,091,629	3,561,112	16,652,741
Interest	341,872	40,283	382,155
Tuition and Fees	1,036,444		1,036,444
Charges for Services	121,292	1,072,528	1,193,820
Extracurricular Activities		294,492	294,492
Gifts and Donations		77,698	77,698
Miscellaneous	78,983	294,055	373,038
Total Receipts	<u>27,932,782</u>	<u>6,576,281</u>	<u>34,509,063</u>
Disbursements:			
Current:			
Instruction:			
Regular	13,376,209	645,424	14,021,633
Special	2,618,151	1,007,976	3,626,127
Vocational	1,212,184	271,601	1,483,785
Adult/Continuing		4,070	4,070
Support Services:			
Pupils	1,496,146	401,736	1,897,882
Instructional Staff	1,085,289	382,890	1,468,179
Board of Education	72,483		72,483
Administration	1,796,263	276,525	2,072,788
Fiscal	704,829	29,416	734,245
Business	207,731		207,731
Operation and Maintenance of Plant	2,471,916	109,206	2,581,122
Pupil Transportation	1,126,780	234,545	1,361,325
Central	23,531	42,937	66,468
Non-instructional Services		1,392,786	1,392,786
Extracurricular Activities	624,608	323,159	947,767
Capital Outlay		69,748	69,748
Intergovernmental		1,498	1,498
Debt Service:			
Principal Retirement		871,944	871,944
Interest and Fiscal Charges		453,529	453,529
Total Disbursements	<u>26,816,120</u>	<u>6,518,990</u>	<u>33,335,110</u>
Excess of Receipts Over Disbursements	<u>1,116,662</u>	<u>57,291</u>	<u>1,173,953</u>
Other Financing Sources (Uses):			
Advances In	349,920	212,020	561,940
Advances Out	(212,020)	(349,920)	(561,940)
Transfers In		20,917	20,917
Transfers Out	(20,917)		(20,917)
Total Other Financing Sources (Uses)	<u>116,983</u>	<u>(116,983)</u>	
Changes in Fund Balances	1,233,645	(59,692)	1,173,953
Fund Balances at Beginning of Year	<u>11,299,128</u>	<u>2,852,183</u>	<u>14,151,311</u>
Fund Balances at End of Year	<u>\$12,532,773</u>	<u>\$2,792,491</u>	<u>\$15,325,264</u>

See accompanying notes to the basic financial statements.

**CELINA CITY SCHOOL DISTRICT
MERCER COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BASIS) AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Receipts:				
Property Taxes	\$10,575,000	\$10,719,650	\$10,719,091	(\$559)
Income Taxes	2,300,000	2,543,500	2,543,471	(29)
Intergovernmental	12,200,000	12,989,825	13,091,629	101,804
Interest	600,450	328,925	341,872	12,947
Tuition and Fees	1,193,000	1,058,050	1,036,444	(21,606)
Charges for Services	110,000	125,000	121,292	(3,708)
Gifts and Donations	50,000			
Miscellaneous	83,550	92,050	78,983	(13,067)
Total Receipts	<u>27,112,000</u>	<u>27,857,000</u>	<u>27,932,782</u>	<u>75,782</u>
Disbursements:				
Current:				
Instruction:				
Regular	12,491,453	12,601,285	12,310,201	291,084
Special	2,403,146	3,289,922	2,880,761	409,161
Vocational	1,216,963	1,481,146	1,244,058	237,088
Other	1,588,692	1,763,052	1,636,519	126,533
Support Services:				
Pupils	1,333,393	1,564,780	1,497,247	67,533
Instructional Staff	861,522	1,155,514	1,107,009	48,505
Board of Education	133,518	113,184	103,818	9,366
Administration	1,630,636	2,138,764	1,803,552	335,212
Fiscal	785,087	1,141,613	717,532	424,081
Business	208,864	243,292	233,025	10,267
Operation and Maintenance of Plant	2,859,797	3,512,928	2,714,891	798,037
Pupil Transportation	1,425,212	1,289,755	1,178,221	111,534
Central	1,216	24,550	23,531	1,019
Extracurricular Activities	540,683	636,899	626,112	10,787
Total Disbursements	<u>27,480,182</u>	<u>30,956,684</u>	<u>28,076,477</u>	<u>2,880,207</u>
Excess of Receipts Under Disbursements	<u>(368,182)</u>	<u>(3,099,684)</u>	<u>(143,695)</u>	<u>2,955,989</u>
Other Financing Sources (Uses):				
Advances In	350,000	354,000	349,920	(4,080)
Advances Out	(435,000)	(408,500)	(212,020)	196,480
Transfers Out	(50,000)	(50,000)	(20,917)	29,083
Total Other Financing Sources (Uses)	<u>(135,000)</u>	<u>(104,500)</u>	<u>116,983</u>	<u>221,483</u>
Changes in Fund Balance	(503,182)	(3,204,184)	(26,712)	3,177,472
Fund Balance at Beginning of Year	9,833,946	9,833,946	9,833,946	
Prior Year Encumbrances Appropriated	<u>1,465,182</u>	<u>1,465,182</u>	<u>1,465,182</u>	
Fund Balance at End of Year	<u><u>\$10,795,946</u></u>	<u><u>\$8,094,944</u></u>	<u><u>\$11,272,416</u></u>	<u><u>\$3,177,472</u></u>

See accompanying notes to the basic financial statements.

CELINC CITY SCHOOL DISTRICT
MERCER COUNTY

STATEMENT OF CASH BASIS FIDUCIARY NET ASSETS
AGENCY FUNDS
June 30, 2009

Assets:	
Equity in Pooled Cash and Cash Equivalents	<u>\$466,855</u>
Net Assets:	
Held for Student Activities	\$93,578
Undistributed Assets	<u>373,277</u>
Total Net Assets	<u>\$466,855</u>

See accompanying notes to the basic financial statements.

**CELINA CITY SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

A. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Celina City School District (the "School District") is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The School District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four year terms. The School District provides educational services as authorized by state and federal guidelines.

The School District is the 172nd largest in the State of Ohio (among 612 school districts) in terms of enrollment. The School District is located in Mercer County, and includes all of the City of Celina and portions of Butler, Center, Franklin, Hopewell, Jefferson, Liberty, and Washington Townships. The School District is staffed by one hundred fifty-six classified employees, two hundred eighteen certified teaching personnel, and twenty-four administrative employees who provide services to 2,725 students and other community members. The School District currently operates six instructional buildings and a bus garage.

1. Reporting Entity

A reporting entity is composed of the primary government, component units, and other organizations that are included to insure the financial statements are not misleading. The primary government of the School District consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For Celina City School District, this includes general operations, food service, and student related activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. The School District does not have any component units.

Within the School District's boundaries, the Immaculate Conception elementary school is operated through the Cincinnati Catholic Diocese. Current State legislation provides funding to the parochial school. The money is received and disbursed on behalf of the parochial school by the Treasurer of the School District, as directed by the parochial school. The activity is reflected in a special revenue fund of the School District for financial reporting purposes.

The School District participates in three jointly governed organizations and two insurance pools. These organizations are the Mercer County Local Professional Development Committee, the Northwestern Ohio Educational Research Council, Inc., the Northwest Ohio Area Computer Services Cooperative, the Ohio School Boards Association Workers' Compensation Group Rating Plan, and the Mercer Auglaize Schools Employee Benefit Trust. These organizations are presented in Notes 17 and 18 to the basic financial statements.

**CELINA CITY SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are presented on a cash basis of accounting. This basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the School District's accounting policies.

A. Basis of Presentation

The School District's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

1. Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. These statements usually distinguish between those activities of the School District that are governmental activities (primarily supported by taxes and intergovernmental receipts) and those that are considered business-type activities (primarily supported by fees and charges). However, the School District has no business-type activities.

The statement of net assets presents the cash balance of the governmental activities of the School District at fiscal year end. The statement of activities compares disbursements with program receipts for each function or program of the School District's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the government is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants, contributions, and interest restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the School District's general receipts.

2. Fund Financial Statements

During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

**CELINA CITY SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Fund Accounting

The School District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the School District are divided into two categories, governmental and fiduciary.

1. Governmental Funds

The School District classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The School District's only major fund is the General Fund.

General Fund – The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the School District for any purpose provided it is expended or transferred according to the general laws of Ohio.

The other governmental funds of the School District account for grants and other resources whose use is restricted to a particular purpose.

2. Fiduciary Funds

The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are not available to support the School District's own programs. The School District did not have any trust funds in fiscal year 2009. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's agency funds account for the operations of the Tri-Star Compact vocational program, payroll withholdings, and various staff-related and student-managed activities.

C. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the alternative tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The alternative tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Board of Education may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Board. The legal level of budgetary control selected by the Board is at the object level within each fund. Any budgetary modifications at this level may only be made by the Board of Education. Budgetary allocations at the function level are made by the Treasurer.

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Board.

**CELINA CITY SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The appropriations resolution is subject to amendment throughout the fiscal year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriations resolution for that fund that covered the entire fiscal year, including amounts automatically carried forward from prior fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year.

D. Cash and Investments

To improve cash management, cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through School District records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

During fiscal year 2009, the School District's investments included nonnegotiable certificates of deposit, federal agency securities, and mutual funds. Investments are reported at cost.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2009 was \$341,872, which included \$20,489 assigned from other School District funds.

Investments of the School District's cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

E. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, laws of other governments, or imposed by law through constitutional provisions or enabling legislation.

Restricted assets in the General Fund include amounts required by State statute to be set aside for the acquisition or construction of capital improvements, unexpended receipts restricted for bus purchases, and unclaimed monies.

F. Capital Assets

Acquisitions of property, plant, and equipment are recorded as disbursements when paid. The financial statements do not report these assets.

G. Compensated Absences

Employees are entitled to cash payments for vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the School District.

**CELINA CITY SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Long-Term Obligations

Cash basis financial statements do not report liabilities for long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when disbursements are made.

I. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for food service operations, adult education programs, vocational programs, and federal and state grants. The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

J. Fund Balance Reserves and Designations

The School District reserves those portions of fund balance which are legally segregated for a specific future use and not available for appropriation or disbursement. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances, capital improvements, bus purchases, and unclaimed monies.

A designation of fund balance represents a self-imposed limitation on the use of available expendable resources by the Board of Education. The designation for termination benefits represents monies set aside by the Board for the future payment of those benefits.

K. Interfund Activity

Transfers within governmental activities are eliminated on the government-wide financial statements.

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities. Payments for interfund services provided and used are not eliminated.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented on the financial statements.

3. COMPLIANCE

Ohio Administrative Code, Section 117-2-03(B), requires the School District to prepare its annual financial report in accordance with generally accepted accounting principles. However, the School District prepared its financial statements on a cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements omit assets, liabilities, net assets/fund balances, and disclosures that, while material, cannot be determined at this time. The School District can be fined and various other administrative remedies may be taken against the School District.

**CELINA CITY SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

4. DEPOSITS AND INVESTMENTS

Monies held by the School District are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the School District treasury. Active monies must be maintained either as cash in the School District treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits the Board has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the School District may be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2);
7. The State Treasurer's investment pool (STAR Ohio); and
8. Bankers' acceptances and commercial paper if training requirements have been met.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

**CELINA CITY SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

4. DEPOSITS AND INVESTMENTS (Continued)

A. Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year end, \$4,292,880 of the School District's bank balance of \$13,586,160 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

The School District has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the School District or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least 105 percent of the deposits being secured.

B. Investments

As of June 30, 2009, the School District had the following investments.

	<u>Total</u>	<u>Less Than One Year</u>	<u>One Year to Two Years</u>	<u>Two years To Five Years</u>
Federal Home Loan Mortgage Corporation Notes	\$1,124,999		\$399,999	\$725,000
Federal National Mortgage Association Notes	947,213		97,267	849,946
Federal Home Loan Bank Notes	441,000	\$100,000	150,000	191,000
Federal Home Loan Bank Bonds	180,000		180,000	
Mutual Funds	81,790	81,790		
Total	<u>\$2,775,002</u>	<u>\$181,790</u>	<u>\$827,266</u>	<u>\$1,765,946</u>

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The investment policy restricts the School District from investing in any securities other than those identified in the Ohio Revised Code and that all investments must mature within five years from the date of investment unless matched to a specific obligation or debt of the School District.

The Federal Home Loan Mortgage Corporation Notes, Federal National Mortgage Association Notes, Federal Home Loan Bank Notes, and Federal Home Loan Bank Bonds carry a rating of Aaa by Moodys. The market mutual funds carry a rating of Aaam by Moodys. The School District has no policy dealing with credit risk beyond the requirements of State statute. Ohio law requires that no-load money market mutual funds must be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

The School District diversifies its investments by security, type, and institution. With the exception of direct obligations of the U. S. Treasury and STAR Ohio, no more than 50 percent of the School District's total investment portfolio is to be invested in a single security type or with a single financial institution. The following table indicates the percentage of each investment to the total portfolio:

**CELINA CITY SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

4. DEPOSITS AND INVESTMENTS (Continued)

	<u>Carrying Value</u>	<u>Percentage of Portfolio</u>
Federal Home Loan Mortgage Corporation	\$1,124,999	40.54%
Federal National Mortgage Association	947,213	34.13
Federal Home Loan Bank	621,000	22.38

5. PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis, while the School District's fiscal year runs from July through June. First-half tax distributions are received by the School District in the second half of the fiscal year. Second-half tax distributions are received in the first half of the following fiscal year.

Property taxes include amounts levied against all real property, public utility property, and tangible personal (used in business) property located in the School District. Real property tax revenues received in calendar year 2009 represent the collection of calendar year 2008 taxes. Real property taxes received in calendar year 2009 were levied after April 1, 2008, on the assessed values as of January 1, 2008, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenues received in calendar year 2009 represent the collection of calendar year 2008 taxes. Public utility real and tangible personal property taxes received in calendar year 2009 became a lien on December 31, 2007, were levied after April 1, 2008, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax revenues received in calendar year 2009 (other than public utility property) represent the collection of calendar year 2009 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2008 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. Tangible personal property taxes received from telephone companies in calendar year 2009 were levied after October 1, 2008, on the value as of December 31, 2008. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The School District receives property taxes from Mercer County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the county by June 30, 2009, are available to finance fiscal year 2009 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

**CELINA CITY SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

5. PROPERTY TAXES (Continued)

The assessed values upon which fiscal year 2009 taxes were collected are:

	2008 Second- Half Collections		2009 First- Half Collections	
	Amount	Percent	Amount	Percent
Real	\$338,285,520	94.81%	\$361,649,390	98.01%
Public Utility	6,992,260	1.96	7,352,060	1.99
Tangible Personal	11,523,410	3.23		
Total Assessed Value	<u>\$356,801,190</u>	<u>100.00%</u>	<u>\$369,001,450</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$39.30		\$39.30	

6. INCOME TAXES

The School District levies a voted tax of .75 percent for general operations on the income of residents and of estates. The tax levy was effective on January 1, 2009, for a five-year period. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the General Fund.

7. PAYMENT IN LIEU OF TAXES

According to State law, Mercer County and the City of Celina have entered into agreements with a number of property owners under which Mercer County and the City of Celina have granted property tax exemptions to those property owners. The property owners have agreed to make payments which reflect all or a portion of the property taxes which the property owners would have paid if their taxes had not been exempted. The agreements provide for a portion of these payments to be made to the School District. The property owners' contractually promise to make these payments in lieu of taxes until the agreement expires.

8. INTERFUND BALANCES

At June 30, 2009, the General Fund had an unpaid interfund cash advance, in the amount of \$312,020, to other governmental funds to provide cash flow resources until the receipt of lunchroom receipts, district managed student activities receipts, and grant monies.

9. RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2009, the School District contracted with various companies for the following insurance coverage:

Building and Contents – Replacement Cost	\$91,999,457
Automobile Liability	1,000,000
Commercial Umbrella	2,000,000
General Liability	
Per Occurrence	1,000,000
Aggregate	2,000,000

**CELINA CITY SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

9. RISK MANAGEMENT (Continued)

Settled claims have not exceeded this commercial coverage in any of the past three years, and there has been no significant reduction in insurance coverage from the prior fiscal year.

The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to participants that can meet the GRP's selection criteria. The firm of Gates McDonald & Co., provides administrative, cost control, and actuarial services to the plan.

The School District participates in the Mercer Auglaize Schools Employee Benefit Trust (Trust), a public entity shared risk pool consisting of eleven local school districts and two educational service centers. The School District pays monthly premiums to the Trust for employee medical and dental insurance coverage. The Trust is responsible for the management and operations of the program. Upon withdrawal from the Trust, a participant is responsible for the payment of all Trust liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

10. CONTRACTUAL OBLIGATIONS

As of June 30, 2009, the School District had contractual commitments as follows:

<u>Company</u>	<u>Project</u>	<u>Amount Remaining on Contract</u>
Celina Glass	Window Replacements	\$64,772
Smart Ed	Ceiling Mounted Projectors	161,835
Global Government/Education	Computers	129,085

11. DEFINED BENEFIT PENSION PLANS

A. State Teachers Retirement System

Plan Description – The School District contributes to the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing multiple-employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to the State Teachers Retirement System of Ohio, 275 East Broad Street, Columbus, Ohio 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at www.strsoh.org.

**CELINA CITY SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

11. DEFINED BENEFIT PENSION PLANS (Continued)

New members have a choice of three retirement plans, a Defined Benefit Plan (DBP), a Defined Contribution Plan (DCP), and a Combined Plan (CP). The DBP offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service or on an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DCP allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age fifty and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The CP offers features of both the DBP and the DCP. In the CP, member contributions are invested by the member and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DBP. The DBP portion of the CP payment is payable to a member on or after age sixty; the DCP portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age fifty. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DBP or CP member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DCP who become disabled are entitled only to their account balance. If a member of the DCP dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy – For the fiscal year ended June 30, 2009, plan members were required to contribute 10 percent of their annual covered salary. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the STRS Ohio Board upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contribution for pension obligations to STRS Ohio for the fiscal years ended June 30, 2009, 2008, and 2007 was \$1,762,618, \$1,673,567, and \$1,618,125 respectively; 83 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007. Contributions to the DCP and CP for fiscal year 2009 was \$5,100 and \$13,381 respectively.

B. School Employees Retirement System

Plan Description – The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple-employer public employee retirement plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a stand-alone financial report that may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

**CELINA CITY SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

11. DEFINED BENEFIT PENSION PLANS (Continued)

Funding Policy – For the fiscal year ended June 30, 2009, plan members were required to contribute 10 percent of their annual covered salary and the School District was required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2009, 9.09 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District's required contribution for pension obligations to SERS for the fiscal years ended June 30, 2009, 2008, and 2007 was \$360,485, \$353,745, and \$370,269, respectively; 47 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the State Teachers Retirement System or the School Employees Retirement System have an option to choose Social Security or the State Teachers Retirement System/School Employees Retirement System. As of June 30, 2009, none of the Board of Education members have elected Social Security. The Board's liability is 6.2 percent of wages paid.

12. POSTEMPLOYMENT BENEFITS

A. State Teachers Retirement System

Plan Description – The School District contributes to a cost-sharing multiple-employer defined benefit Health Care Plan administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the Defined Benefit or Combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs, and reimbursement of monthly Medicare Part B premiums. The Plan is included in STRS Ohio's financial report which may be obtained by calling (888) 227-7877 or by visiting the STRS Ohio Web site at www.strsoh.org.

Funding Policy – Ohio law authorizes STRS Ohio to offer the Health Care Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Health Care Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for postemployment health care may be deducted from employer contributions. For fiscal year 2009, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District's contribution for health care for the fiscal years ended June 30, 2009, 2008, and 2007 was \$135,586, \$129,297, and \$124,979 respectively; 83 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

**CELINA CITY SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

12. POSTEMPLOYMENT BENEFITS (Continued)

B. School Employees Retirement System

Plan Description – The School District contributes to two cost-sharing multiple-employer defined benefit OPEB plans administered by the School Employees Retirement System (SERS) for classified retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians fees through several types of plans including HMO's, PPO's, and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by SERS based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each fiscal year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For fiscal year 2009, 4.16 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount. For fiscal year 2009, the surcharge amount was \$82,215.

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility, and retirement status.

The School District's contribution for health care for the fiscal years ended June 30, 2009, 2008, and 2007 was \$164,974, \$161,425, and \$122,929, respectively; 47 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare Part B Fund. For fiscal year 2009, this actuarially required allocation was .75 percent of covered payroll. The School District's contribution for Medicare Part B for the fiscal years ended June 30, 2009, 2008, and 2007 was \$29,743, \$25,488, and \$25,178 respectively; 47 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

13. OTHER EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per year, depending upon length of service. The superintendent, treasurer, and administrators earn twenty-five days of vacation per year. Accumulated unused vacation time is paid to classified employees, the superintendent, the treasurer, and the administrators upon termination of employment. Teachers do not earn vacation time.

**CELINA CITY SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

13. OTHER EMPLOYEE BENEFITS (Continued)

Teachers, administrators, and classified employees earn sick leave at a rate of one and one-fourth days per month. Teachers and certified administrators may accumulate unlimited sick leave for severance payment purposes. For the amount to be received upon retirement, the School District maintains three severance leave banks as described below and severance leave is based on the same accumulation factor as sick leave. For the purpose of the severance calculation, sick leave accumulation will be unlimited. Upon retirement, payment will be made as follows:

Bank A – The first one hundred sixty days of accumulated sick leave will be payable at the rate of 25 percent of the per diem rate.

Bank B – The next one hundred sixty days of accumulated sick leave will be payable at the rate of 20 percent of the per diem rate.

Bank C – All additional days shall be payable at the rate of 15 percent of the per diem rate.

Sick leave may be accumulated to a maximum of two hundred days for classified employees. Upon retirement, payment is made for 33 percent of the accumulated sick leave balance.

B. Employee Insurance Benefits

The School District provides medical and dental insurance benefits to all employees through the Mercer Auglaize Schools Employee Benefit Trust. The Board of Education pays the cost of the monthly premiums. The premium varies with each employee depending on marital and family status.

The School District also provides life insurance and accidental death and dismemberment insurance through AIG.

For all employees an optical expense reimbursement provides each employee and their immediate family, based on actual receipts, up to \$200 annually.

C. Early Retirement Incentive

Through August 31, 2009, the School District's Board of Education approved an early retirement incentive program for STRS employees in lieu of a sick leave severance payment. For STRS employees, the Board of Education will purchase, for all eligible employees who make application in accordance with the provision of the plan and the applicable regulations of the State Teachers Retirement System, one year of retirement service credit. Retirement must be completed no less than ninety days after the employee is notified of the purchase of additional service credit by the Board of Education. These expenses are reflected within the Severance special revenue fund.

**CELINA CITY SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

14. LONG-TERM OBLIGATIONS

Changes in the School District's long-term obligations during fiscal year 2009 were as follows:

	<u>Balance at 6/30/08</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at 6/30/09</u>	<u>Amounts Due Within One Year</u>
Governmental Activities					
General Obligation Bonds					
2005 School Improvement					
Refunding					
Serial Bonds 2 – 4.25%	\$12,170,000		\$850,000	\$11,320,000	\$880,000
Capital Appreciation Bonds					
37.0475%	144,994			144,994	
Total General Obligation Bonds	<u>12,314,994</u>		<u>850,000</u>	<u>11,464,994</u>	<u>880,000</u>
Asbestos Removal Loan 0%	21,944		21,944		
Total Governmental Activities					
Long-Term Liabilities	<u>\$12,336,938</u>	<u>\$0</u>	<u>\$871,944</u>	<u>\$11,464,994</u>	<u>\$880,000</u>

2005 School Improvement Refunding Bonds – On September 1, 2004, the School District issued \$13,744,994 in general obligation refunding bonds, consisting of \$13,600,000 in serial bonds and \$144,994 in capital appreciation bonds, with interest rates of 2 percent to 4.25 percent, to refund \$13,745,000 of 1996 School Improvement general obligation bonds. The refunded general obligation bonds were fully retired on December 1, 2005.

The serial bonds maturing after December 1, 2014, are subject to redemption at the option of the School District, either in whole or in part, in such order as the School District shall determine, on any interest payment date on or after December 1, 2014, at the redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the redemption date.

The capital appreciation bonds will mature in fiscal years 2012 and 2013. The maturity amount for the bonds is \$1,970,000.

Asbestos Removal Loan – In fiscal year 1991, the School District began an asbestos removal program throughout all of the buildings. An asbestos removal loan for \$790,121 was received from the federal government. The interest-free loan was issued for an eighteen year period was fully retired from the Bond Retirement debt service fund in fiscal year 2009.

The School District's overall debt margin was \$21,828,553 with an unvoted debt margin of \$361,675 at June 30, 2009.

Principal and interest requirements to retire general obligation debt outstanding at June 30, 2009, were as follows:

**CELINA CITY SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

14. LONG-TERM OBLIGATIONS (Continue)

Fiscal Year Ending	General Obligation Bonds			
	Serial		Capital Appreciation	
	Principal	Interest	Principal	Interest
2010	\$ 880,000	\$ 429,700		
2011	920,000	402,700		
2012		388,900	\$83,624	\$ 886,376
2013		388,900	61,370	938,630
2014	1,015,000	368,600		
2015-2019	5,910,000	1,171,694		
2020-2021	2,595,000	107,631		
Totals	<u>\$11,320,000</u>	<u>\$3,258,125</u>	<u>\$144,994</u>	<u>\$1,825,006</u>

The interest on the capital appreciation bonds represents the accretion of the deep-discounted bonds from the initial value at the time of issuance to their value at final maturity.

15. SET ASIDES

The School District is required by State statute to annually set aside, in the General Fund, an amount based on a statutory formula for the purchase of textbooks and other instructional materials, and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year end. These amounts must be carried forward and used for the same purposes in future years.

The following cash basis information identifies the changes in the fund balance reserves for textbooks and capital improvements during fiscal year 2009.

	Textbooks	Capital Improvements
Balance June 30, 2008	(\$ 546,926)	\$1,318,432
Current Year Set Aside Requirement	464,158	464,158
Qualifying Expenditures	(935,673)	(332,517)
Balance June 30, 2009	<u>(\$1,018,441)</u>	<u>\$1,450,073</u>

The School District had qualifying expenditures during the fiscal year that reduced the textbooks set aside amount below zero. This amount may be used to reduce the set aside requirement in future fiscal years.

16. INTERFUND TRANSFERS

During fiscal year 2009, the General Fund made transfers to the other governmental funds, in the amount of \$20,917, to subsidize operations in other funds and to make the final payment on the asbestos removal loan, in the amount of \$16,330 and \$4,587, respectively.

**CELINA CITY SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

17. JOINTLY GOVERNED ORGANIZATIONS

A. Mercer County Local Professional Development Committee

The School District is a participant in the Mercer County Local Professional Development Committee (Committee) which is a regional council of governments established to provide professional educator license renewal standards and procedures. The Committee is governed by an eleven member board made up of six teachers, two principals, one superintendent, and two members employed by the Mercer County Educational Service Center. Board members serve two year terms. The degree of control exercised by any participating educational entity is limited to its representation on the Board. Financial information can be obtained from the Mercer County Educational Service Center, 441 East Market Street, Celina, Ohio 45822.

B. Northwestern Ohio Educational Research Council, Inc.

The Northwestern Ohio Educational Research Council, Inc. (NOERC) is a jointly governed organization formed to bring educational entities into a better understanding of their common educational problems, facilitate and conduct practical educational research, coordinate educational research among members, provide a means for evaluating and disseminating the results of research, serve as a repository for research and legislative materials, and provide opportunities for training. The NOERC serves a twenty-five county area in Northwest Ohio. The Board of Directors consists of superintendents from two educational service centers, two exempted village school districts, five local school districts, and five city school districts, as well as representatives from two private or parochial schools and three institutions of higher education. Each active member is entitled to one vote on all issues addressed by the Board of Directors. Financial information can be obtained from the Northwestern Ohio Educational Research Council, Inc., Box 456, Ashland, Ohio 44805.

C. Northwest Ohio Area Computer Services Cooperative

The School District is a participant in the Northwest Ohio Area Computer Services Cooperative (NOACSC), which is a computer consortium. NOACSC is an association of educational entities within the boundaries of Allen, Hancock, Mercer, Paulding, Putnam, and Van Wert Counties, and the Cities of St. Marys and Wapakoneta. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member educational entities. The governing board of NOACSC consists of two representatives from each county elected by majority vote of all charter member educational entities within each county. During fiscal year 2009, the School District paid \$32,689 to NOACSC for various services. Financial information can be obtained from the Northwest Ohio Area Computer Services Cooperative, 645 South Main Street, Lima, Ohio 45804.

18. INSURANCE POOLS

A. Ohio School Board Association (OSBA) Workers' Compensation Group Rating Plan

The School District participates in a group rating plan for worker's compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP) was established through the Ohio School Boards Association (OSBA) as an insurance purchasing pool.

The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect, and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the GRP. Each year, the participants pay an enrollment fee to the GRP to cover the costs of administering the program.

**CELINA CITY SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

18. INSURANCE POOLS (Continued)

B. The Mercer Auglaize Schools Employee Benefit Trust

The Mercer Auglaize Schools Employee Benefit Trust (Trust) is a public entity shared risk pool consisting of eleven local school districts and two educational service centers. The Trust is organized as a Voluntary Employee Benefit Association under Section 501©(9) of the Internal Revenue Code and provides medical, dental, and vision benefits to the employees of the participants. Each participant's superintendent is appointed to an Administrative Committee which advises the Trustee, Huntington Bank, concerning aspects of the administration of the Trust.

Each participant decides which plans offered by the Administrative Committee will be extended to its employees. Participation in the Trust is by written application subject to acceptance by the Administrative Committee and payment of the monthly premiums. Financial information can be obtained from James Mauntler; JM Consulting, 3547 Beechway Boulevard, Toledo, Ohio, 43614.

19. CONTINGENCIES

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2009.

B. Litigation

There are currently no matters in litigation with the School District as defendant.

**CELINA CITY SCHOOL DISTRICT
MERCER COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
U.S. DEPARTMENT OF AGRICULTURE						
<i>(Passed through Ohio Department of Education)</i>						
Child and Adult Care Food Program	2009	10.558	\$30,124		\$30,124	
	2008		19,605		19,605	
Total Child and Adult Care Food Program			49,729		49,729	
Nutrition Cluster:						
Cash Assistance:						
School Breakfast Program		10.553	69,408		69,408	
National School Lunch Program		10.555	422,202		422,202	
Non-Cash Assistance (food distribution):						
National School Lunch Program		10.555		\$142,382		\$140,047
Total National School Lunch Program			422,202	142,382	422,202	140,047
Total Nutrition Cluster			491,610	142,382	491,610	140,047
Total U.S. Department of Agriculture			541,339	142,382	541,339	140,047
U.S. DEPARTMENT OF EDUCATION						
<i>(Passed through Ohio Department of Education)</i>						
Special Education Cluster						
Special Education - Grants to States	2009	84.027	537,831		513,981	
	2008		78,761		89,629	
Total Special Education - Grants to States			616,592		603,610	
Special Education Preschool Grants	2009	84.173	24,369		31,890	
	2008		(3,151)			
Total Special Education Preschool Grants			21,218		31,890	
Total Special Education Cluster			637,810		635,500	
Title I Grants to Local Educational Agencies	2009	84.010	391,498		389,127	
	2008		7,347		16,414	
Total Title 1 Grants to Local Educational Agencies			398,845		405,541	
Improving Teacher Quality State Grants	2009	84.367	146,378		139,460	
	2008		2,762		4,887	
Total Improving Teacher Quality State Grants			149,140		144,347	
Vocational Education - Basic Grants to States	2009	84.048	104,339		103,608	
	2008		17,977		16,538	
Total Vocational Education - Basic Grants to States			122,316		120,146	
Safe & Drug Free Schools and Communities-State Grants	2009	84.186	5,595		5,421	
	2008		(678)		620	
Total Safe & Drug Free Schools and Communities-State Grants			4,917		6,041	
State Grants For Innovative Programs	2009	84.298	574		142	
	2008		(278)			
Total State Grants For Innovative Programs			296		142	
Education Technology State Grants	2009	84.318	3,333		3,547	
	2008		(219)			
Total Education Technology State Grants			3,114		3,547	
21st Century Community Learning Center	2009	84.287	200,000		194,095	
	2008		39,464		10,268	
Total 21st Century Grants			239,464		204,363	
Total U. S. Department of Education			1,555,902		1,519,627	
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES						
<i>(Direct Program)</i>						
Headstart Program	2009	93.600	540,975		547,850	
	2008		466,525		464,164	
Total Headstart Program			1,007,500		1,012,014	
Total U.S. Department of Health and Human Services			1,007,500		1,012,014	
Total Federal Assistance			\$3,104,741	\$142,382	\$3,072,980	\$140,047

See Accompanying Notes to the Schedule of Federal Awards Receipts and Expenditures.

**CELINA CITY SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS
RECEIPTS AND EXPENDITURES
FISCAL YEAR ENDED JUNE 30, 2009**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) summarizes activity of the School District's federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTE B – FOOD DONATION PROGRAM

Program regulations do not require the School District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This non-monetary assistance (expenditures) is reported in the Schedule at the fair value of the commodities received.

NOTE C – NUTRITION CLUSTER PROGRAM

Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.

NOTE D – PROGRAM YEAR TRANSFERS

The negative receipts reported on the schedule for CFDA # 84.173, 84.186, 84.318, and 84.298 represent transfers between the 2008 and 2009 program years within the same CFDA number. These transfers are recorded as a negative receipt in the transferring fund/special cost center and a positive receipt in the receiving fund/special cost center.



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Celina City School District
Mercer County
585 E. Livingston Street
Celina, Ohio 45822

To the Board of Education

We have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Celina City School District, Mercer County, (the District) as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 3, 2009, wherein, we noted the District uses a comprehensive accounting basis other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider finding 2009-002 described in the accompanying schedule of findings and questioned costs to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the District's internal control will not prevent or detect a material financial statement misstatement.

**Internal Control Over Financial Reporting
(Continued)**

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. The significant deficiency described above as finding number 2009-002 is also considered to be a material weakness.

We also noted a certain matter that we reported to the District's management in a separate letter dated November 3, 2009.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matter that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings and questioned costs as item 2009-001.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated November 3, 2009.

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the District's responses and, accordingly, we express no opinion on them.

We intend this report solely for the information and use of the audit committee, management, Board of Education, and federal awarding agencies and pass-through entities. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

November 3, 2009



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Celina City School District
Mercer County
585 E. Livingston Street
Celina, Ohio 45822

To the Board of Education:

Compliance

We have audited the compliance of Celina City School District (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to each of its major federal programs for the year ended June 30, 2009. The summary of auditor's results section of the accompanying schedule of findings and questioned costs identifies the District's major federal programs. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion the Celina City District complied, in all material respects, with the requirements referred to above applying to each of its major federal programs for the year ended June 30, 2009. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that OMB Circular A-133 requires us to report, which is described in the accompanying schedule of findings and questioned costs as item 2009-003.

In a separate letter to the District's management dated November 3, 2009, we reported another matter related to federal noncompliance not requiring inclusion in this report.

Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the District's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be significant deficiency.

A *control deficiency* in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a remote likelihood that the District's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and question costs as finding 2009-003 to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the District's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements. We consider finding 2009-003 described in the accompanying schedule of findings and questioned costs to be a material weakness.

The District's response to the finding we identified is described in the accompanying schedule of findings and questioned costs. We did not audit the District's response and, accordingly, we express no opinion on it.

We intend this report solely for the information and use of the audit committee, management, Board of Education, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



Mary Taylor, CPA
Auditor of State

November 3, 2009

**CELINA CITY SCHOOL DISTRICT
MERCER COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .505
FOR THE YEAR ENDED JUNE 30, 2009**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(ii)</i>	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	Yes
<i>(d)(1)(iv)</i>	Were there any other significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	Yes
<i>(d)(1)(vii)</i>	Major Programs (list):	CFDA #10.553-.555: Nutrition Cluster CFDA #84.010: Title I
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER - 2009-001

Noncompliance

Ohio Rev. Code Section 117.38 provides that each public office shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the auditor of state has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office. Ohio Administrative Code Section 117-2-03 further clarifies the requirements of Ohio Rev. Code Section 117.38.

**FINDING NUMBER - 2009-001
(Continued)**

Ohio Adm. Code Section 117-2-03(B) requires the District to prepare its annual financial report in accordance with generally accepted accounting principles (GAAP). However, the District prepared its financial statements in accordance with standards established by the Auditor of State for governmental entities not required to prepare annual reports in accordance with generally accepted accounting principles. The accompanying financial statements omit assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time. Pursuant to Ohio Rev. Code Section 117.38 the District may be fined and subject to various other administrative remedies for its failure to file the required financial report.

The District should prepare their annual financial statements in accordance with generally accepted accounting principles to present an accurate accounting of its assets, liabilities and other disclosures.

Official's Response

The Treasurer and Board of Education believes that the School District meets the alternative requirements of financial reporting by the compilation, completion and filing of the OCBOA (other comprehensive basis of accounting) which seems to be a Government Accounting Standards Board approved alternative to GAAP reporting. While we admit that the Ohio Administrative Code requires the School District to file our financial reports on a GAAP basis, the School District believes that the costs associated with generating and auditing the reports in the GAAP basis, far outweigh any benefits that the School District may obtain from its filing of a GAAP based report. In all of the prior years that the School District did file the GAAP formatted reports on only one occasion did anyone want to see the report even though it was advertised as available in the local media. Additionally, the one time that the School District issued debt while reporting using the GAAP process, no financial institution was the least bit interested in receiving the most recent copy of the report.

FINDING NUMBER 2009-002

Material Weakness

Purchase Orders

All purchase orders should be reviewed near year end to determine whether they still represent valid purchase commitments or whether the remaining dollar amount should be totally or partially cancelled. Our testing of outstanding purchase orders at June 30, 2009, noted that \$121,955 of the outstanding purchase orders were not for valid purchase commitments and were subsequently closed in FY 2010.

The failure to monitor the outstanding purchase orders resulted in an overstatement of outstanding encumbrances and an understatement of available unencumbered fund balances at year end. The accompanying financial statements and accounting records required an audit adjustment to the General Fund's reserve for encumbrances to correct for the invalid outstanding purchase orders outstanding at June 30, 2009.

The Treasurer's office should initiate a review of outstanding purchase orders prior to year end to determine they still represent valid purchase commitments to properly state the outstanding encumbrances.

Official's Response

All purchase orders are reviewed at year end. With this process, the District tries to insure that that there is a valid open purchase order for all of the district's outstanding liabilities on June 30. The purchase orders outstanding on June 30 are somebody's best guess as to the possible liability of the district on that day. We have always used a general rule of thumb that we would rather have a purchase order over the amount of the actual expenditure rather the under the actual expenditure. That process keeps budgets from being overspent.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

FINDING NUMBER 2009-003

Finding Number	2009-003
CFDA Title and Number	Title I Grants to Local Educational Agencies - #84.010
Federal Award Number / Year	2009
Federal Agency	U.S. Department of Education
Pass-Through Agency	Ohio Department of Education

Noncompliance/Questioned Cost/Material Weakness – Period of Availability

34 CFR 80.23 states that federal awards may specify a time-period during which the grantee may use the Federal funds. Where a funding periods is specified, a grantee may charge to the award only costs resulting from obligations incurred during the funding period unless carryover of unobligated balance is permitted, in which case the carryover balances may be charged for costs resulting from obligations of the subsequent funding period.

34 CFR 76.707 states that if an obligation is for personal services by an employee the obligation is made when the services are performed.

Through testing of the major federal program, Title I Grant, it was noted that the District charged salaries, retirement, medicare, and insurance charges related to the 2007-2008 school year salary to the fiscal year 2009 grant. Period of availability for the fiscal year 2009 grant was July 1, 2008 to September 30, 2009.

The following represents questioned costs for the payments made from the fiscal year 2009 Title I Program for July and August teacher’s wages and fringes earned in fiscal year 2008:

Salaries(for pay period end 7/25/08, 08/08/08, and 08/25/08)	\$17,815
Retirement(for pay period end 7/25/08, 08/08/08, and 08/25/08)	\$ 4,995
Medicare (for pay period end 7/25/08, 08/08/08, and 08/25/08)	\$ 194
Insurance (for July payments made for August premium)	<u>\$ 2,199</u>
Total	<u>\$25,203</u>

Official’s Response

The payments were made as noted above. The FY08 grant ran out of funds for salary and fringe benefits. The FY09 grant year had already been granted substantial completion status and the expenditures were still for Title I personnel. Now that the District is aware of the section, we will work to insure that this error does not happen in the future.

**CELINA CITY SCHOOL DISTRICT
MERCER COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
June 30, 2009**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2008-001	ORC Sec. 117.38 & OAC Sec. 117-2-03 (B) – Failed to prepare financial statements in accordance with Generally Accepted Accounting Principles	No	See finding 2009-001

**CELINA CITY SCHOOL DISTRICT
MERCER COUNTY**

**CORRECTIVE ACTION PLAN
OMB CIRCULAR A -133 § .315 (b)
JUNE 30, 2009**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2009-003	The Treasurer will monitor the salary and benefits that are charged to the federal programs to assure that all expenditures are properly recorded within the proper period.	Fall/Winter 2009	Mike Marbaugh, School Treasurer.

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Mary Taylor, CPA

Auditor of State

Independent Accountant's Report on Applying Agreed-Upon Procedures

Celina City School District
Mercer County
585 E. Livingston Street
Celina, Ohio 45822

To the Board of Education:

Ohio Rev. Code Section 117.53 states "the auditor of state shall identify whether the school district or community school has adopted an anti-harassment policy in accordance with Section 3313.666 of the Revised Code. This determination shall be recorded in the audit report. The auditor of state shall not prescribe the content or operation of any anti-harassment policy adopted by a school district or community school."

Accordingly, we have performed the procedures enumerated below, which were agreed to by to by the Board, solely to assist the Board in evaluating whether Celina City School District (the District) has adopted an anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Board. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

1. We noted the Board adopted an anti-harassment policy at its meeting on August 18, 2008.
2. We read the policy, noting it included the following requirements from Ohio Rev. Code Section 3313.666(B):
 - 1) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;
 - 2) A definition of harassment, intimidation, or bullying that shall include the definition in division (A) of Ohio Rev. Code Section 3313.666;
 - 3) A procedure for reporting prohibited incidents;
 - 4) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;
 - 5) A requirement that parents or guardians of any student involved in a prohibited incident be notified and, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident;
 - 6) A procedure for documenting any prohibited incident that is reported;

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- 7) A procedure for responding to and investigating any reported incident;
- 8) A strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report;
- 9) A disciplinary procedure for any student guilty of harassment, intimidation, or bullying, which shall not infringe on any student's rights under the first amendment to the Constitution of the United States;
- 10) A requirement that the district administration semiannually provide the president of the district board a written summary of all reported incidents and post the summary on its web site, if the district has a web site, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the anti-harassment policy. 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.

This report is intended solely for the information and use of the Board and is not intended to be and should not be used by anyone other than these specified parties.



Mary Taylor, CPA
Auditor of State

November 3, 2009



Mary Taylor, CPA
Auditor of State

CELINA CITY SCHOOL DISTRICT

MERCER COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 31, 2009**