



**CITY OF CELINA  
MERCER COUNTY**

**REGULAR AUDIT**

**FOR THE YEAR ENDED DECEMBER 31, 1999**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**CITY OF CELINA  
MERCER COUNTY**

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## REPORT OF INDEPENDENT ACCOUNTANTS

City of Celina  
Mercer County  
202 North Main Street  
Celina, Ohio 45822

To the City Council:

We have audited the accompanying general purpose financial statements of the City of Celina, Mercer County, (the City), as of and for the year ended December 31, 1999, as listed in the table of contents. These general purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Celina, Mercer County, as of December 31, 1999, and the results of its operations and cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 31, 2000, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

A handwritten signature in black ink, appearing to read "Jim Petro".

**JIM PETRO**  
Auditor of State

July 31, 2000



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**City of Celina  
Mercer County**

Combined Balance Sheet  
All Fund Types and Account Groups  
As of December 31, 1999

<b>Assets and Other Debits</b>	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$785,657	\$235,099	\$33,075	\$0
Cash and Cash Equivalents in Segregated Accounts	0	0	0	0
Receivables:				
Taxes	465,177	78,010	0	0
Accounts (net of allowance for uncollectable accounts)	1,492	293	0	0
Intergovernmental	95,772	28,034	0	0
Special Assessments	0	0	57,343	8,745
Interfund Receivable	8,793	0	0	0
Due from Other Funds	0	0	0	0
Materials and Supplies Inventory	13,723	36,732	0	0
Notes Receivable	0	150,891	0	0
Prepaid Items	9,617	0	0	0
Unamortized Bond Issue Costs	0	0	0	0
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	0	0	0	0
Cash with Fiscal and Escrow Agents	0	8,239	0	0
Investment in Joint Venture	0	0	0	0
Fixed Assets (net, where applicable, of accumulated depreciation)	0	0	0	0
<u>Other Debits:</u>				
Amount Available in Debt Service Fund for Retirement of General Obligation Bonds	0	0	0	0
Amount to be Provided from General Government Resources	0	0	0	0
Amount to be Provided from Special Assessments	0	0	0	0
<b>Total Assets and Other Debits</b>	<b>\$1,380,231</b>	<b>\$537,298</b>	<b>\$90,418</b>	<b>\$8,745</b>

Proprietary Fund Types		Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Agency Funds	General Fixed Assets	General Long-Term Obligations	
\$3,578,281	\$222,445	\$1,544	\$0	\$0	\$4,856,101
0	0	62,694	0	0	62,694
0	0	0	0	0	543,187
1,954,755	0	0	0	0	1,956,540
0	0	0	0	0	123,806
0	0	0	0	0	66,088
0	0	0	0	0	8,793
11,937	0	0	0	0	11,937
1,204,075	0	0	0	0	1,254,530
0	0	0	0	0	150,891
15,468	0	0	0	0	25,085
309,716	0	0	0	0	309,716
1,022,778	0	0	0	0	1,022,778
943,399	0	0	0	0	951,638
9,945	0	0	0	0	9,945
20,698,039	0	0	5,337,318	0	26,035,357
0	0	0	0	33,075	33,075
0	0	0	0	1,432,114	1,432,114
0	0	0	0	5,660	5,660
<u>\$29,748,393</u>	<u>\$222,445</u>	<u>\$64,238</u>	<u>\$5,337,318</u>	<u>\$1,470,849</u>	<u>\$38,859,935</u>

(Continued)

**City of Celina  
Mercer County**

Combined Balance Sheet  
All Fund Types and Account Groups  
As of December 31, 1999  
(Continued)

<b>Liabilities, Fund Equity and Other Credits</b>	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<u>Liabilities:</u>				
Accounts Payable	\$15,564	\$9,382	\$0	\$0
Contracts Payable	0	0	0	0
Interfund Payable	0	0	0	8,793
Accrued Wages	81,568	13,581	0	0
Compensated Absences Payable	0	0	0	0
Due to Other Funds	0	135	0	0
Intergovernmental Payable	13,477	0	0	0
Deferred Revenue	275,272	78,010	57,343	8,493
Deposits Held and Due to Others	0	0	0	0
Payroll Withholdings	0	0	0	0
Notes Payable	0	0	0	0
Claims Payable	0	0	0	0
Payable from Restricted Assets:				
Revenue Bonds Payable	0	0	0	0
Refundable Deposits	0	0	0	0
Accrued Interest Payable	0	0	0	0
Retainage Payable	0	8,239	0	0
General Obligation Bonds Payable	0	0	0	0
Revenue Bonds Payable (Net of accounting loss of \$447,068 and discount of \$5,429)	0	0	0	0
Special Assessment Debt with Governmental Commitment	0	0	0	0
<b>Total Liabilities</b>	<b>385,881</b>	<b>109,347</b>	<b>57,343</b>	<b>17,286</b>
<u>Fund Equity and Other Credits:</u>				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
Retained Earnings:				
Reserved:				
Reserved for Plant Improvement and Replacement	0	0	0	0
Reserved for Operations	0	0	0	0
Unreserved	0	0	0	0
Fund Balance:				
Reserved for Encumbrances	24,636	625	0	19,359
Reserved for Inventory	13,723	36,732	0	0
Reserved for Notes Receivable	0	150,891	0	0
Unreserved - Undesignated (Deficit)	955,991	239,703	33,075	(27,900)
<b>Total Fund Equity (Deficit)</b>	<b>994,350</b>	<b>427,951</b>	<b>33,075</b>	<b>(8,541)</b>
<b>Total Liabilities, Fund Equity and Other Credits</b>	<b>\$1,380,231</b>	<b>\$537,298</b>	<b>\$90,418</b>	<b>\$8,745</b>

See Accompanying Notes to the General Purpose Financial Statements

Proprietary Fund Types		Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Agency Funds	General Fixed Assets	General Long-Term Obligations	
\$44,126	\$3,172	\$0	\$0	\$0	\$72,244
1,136,898	0	0	0	0	1,136,898
0	0	0	0	0	8,793
53,563	0	0	0	0	148,712
90,995	0	0	0	219,277	310,272
11,802	0	0	0	0	11,937
54,221	0	1,544	0	110,912	180,154
0	0	0	0	0	419,118
0	0	41,677	0	0	41,677
0	0	21,017	0	0	21,017
0	0	0	0	950,000	950,000
0	86,998	0	0	0	86,998
350,000	0	0	0	0	350,000
115,851	0	0	0	0	115,851
54,121	0	0	0	0	54,121
0	0	0	0	0	8,239
0	0	0	0	185,000	185,000
7,922,503	0	0	0	0	7,922,503
0	0	0	0	5,660	5,660
<u>9,834,080</u>	<u>90,170</u>	<u>64,238</u>	<u>0</u>	<u>1,470,849</u>	<u>12,029,194</u>
0	0	0	5,337,318	0	5,337,318
1,736,981	0	0	0	0	1,736,981
770,784	0	0	0	0	770,784
136,143	0	0	0	0	136,143
17,270,405	132,275	0	0	0	17,402,680
0	0	0	0	0	44,620
0	0	0	0	0	50,455
0	0	0	0	0	150,891
0	0	0	0	0	1,200,869
<u>19,914,313</u>	<u>132,275</u>	<u>0</u>	<u>5,337,318</u>	<u>0</u>	<u>26,830,741</u>
<u>\$29,748,393</u>	<u>\$222,445</u>	<u>\$64,238</u>	<u>\$5,337,318</u>	<u>\$1,470,849</u>	<u>\$38,859,935</u>

**City of Celina  
Mercer County**

Combined Statement of Revenues, Expenditures and Changes in Fund Balances  
All Governmental Fund Types  
For the Year Ended December 31, 1999

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
<u>Revenues:</u>					
Property Taxes	\$246,745	\$74,024	\$0	\$0	\$320,769
Municipal Income Tax	1,868,202	0	0	0	1,868,202
Other Local Taxes	0	26,706	0	0	26,706
Intergovernmental	806,881	403,794	0	288,723	1,499,398
Charges for Services	301,159	128,405	0	0	429,564
Fees, Licenses and Permits	2,253	4,548	0	0	6,801
Fines and Forfeitures	322,413	26,123	0	0	348,536
Special Assessments	0	0	9,778	7,886	17,664
Interest	187,108	16,416	0	0	203,524
Gifts and Donations	70,858	75,000	85,313	52,700	283,871
Miscellaneous	52,503	2,962	40,000	0	95,465
Total Revenues	<u>3,858,122</u>	<u>757,978</u>	<u>135,091</u>	<u>349,309</u>	<u>5,100,500</u>
<u>Expenditures:</u>					
Current:					
Security of Persons and Property	1,833,184	306,941	0	0	2,140,125
Public Health	50,948	0	0	0	50,948
Leisure Time Activities	56,458	348,258	0	0	404,716
Community Environment	39,215	170	0	0	39,385
Basic Utility Services	123,157	0	0	0	123,157
Transportation	82,202	553,591	0	0	635,793
General Government	1,066,841	11,211	0	0	1,078,052
Capital Outlay	5,513	0	0	350,898	356,411
Debt Service:					
Principal Retirement	0	45,869	616,660	0	662,529
Interest and Fiscal Charges	10,421	1,433	40,870	0	52,724
Total Expenditures	<u>3,267,939</u>	<u>1,267,473</u>	<u>657,530</u>	<u>350,898</u>	<u>5,543,840</u>
Excess of Revenues Over (Under) Expenditures	<u>590,183</u>	<u>(509,495)</u>	<u>(522,439)</u>	<u>(1,589)</u>	<u>(443,340)</u>
<u>Other Financing Sources (Uses):</u>					
Proceeds of Bonds	0	0	0	5,000	5,000
Proceeds of Notes	450,000	0	500,000	0	950,000
Proceeds from Disposition of Fixed Assets	45,864	0	0	0	45,864
Operating Transfers - In	0	529,578	23,262	0	552,840
Operating Transfers - Out	(552,080)	0	(760)	0	(552,840)
Total Other Financing Sources (Uses)	<u>(56,216)</u>	<u>529,578</u>	<u>522,502</u>	<u>5,000</u>	<u>1,000,864</u>
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	533,967	20,083	63	3,411	557,524
Fund Balances (Deficit) at Beginning of Year	466,720	393,146	33,012	(11,952)	880,926
Increase (Decrease) in Reserve for Inventory	(6,337)	14,722	0	0	8,385
Fund Balances (Deficit) at End of Year	<u>\$994,350</u>	<u>\$427,951</u>	<u>\$33,075</u>	<u>(\$8,541)</u>	<u>\$1,446,835</u>

See Accompanying Notes to the General Purpose Financial Statements

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**City of Celina  
Mercer County**

Combined Statement of Revenues, Expenditures and Changes in  
Fund Balance - Budget and Actual (Budget Basis)  
All Governmental Fund Types  
For The Year Ended December 31, 1999

	General Fund			Special Revenue		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>						
Property Taxes	\$258,000	\$246,745	(\$11,255)	\$76,000	\$74,024	(\$1,976)
Municipal Income Tax	1,830,000	1,903,067	73,067	0	0	0
Other Local Taxes	0	0	0	25,000	26,777	1,777
Intergovernmental	756,975	791,668	34,693	376,608	402,437	25,829
Charges for Services	289,700	299,771	10,071	129,150	128,405	(745)
Fees, Licenses and Permits	3,000	2,241	(759)	3,000	4,548	1,548
Fines and Forfeitures	285,000	323,371	38,371	21,000	26,091	5,091
Special Assessments	0	0	0	0	0	0
Interest	165,000	186,543	21,543	3,757	8,458	4,701
Gifts and Donations	0	0	0	75,000	75,000	0
Miscellaneous	30,200	49,568	19,368	30,643	26,190	(4,453)
<b>Total Revenues</b>	<b>3,617,875</b>	<b>3,802,974</b>	<b>185,099</b>	<b>740,158</b>	<b>771,930</b>	<b>31,772</b>
<b>Expenditures:</b>						
<b>Current:</b>						
Security of Persons and Property	1,935,079	1,846,445	88,634	416,487	353,905	62,582
Public Health	52,000	50,948	1,052	0	0	0
Leisure Time Activities	64,500	60,876	3,624	369,900	347,510	22,390
Community Development	39,609	39,215	394	101,000	170	100,830
Basic Utility Services	128,500	122,485	6,015	0	0	0
Transportation	95,000	87,194	7,806	592,294	545,843	46,451
General Government	1,371,169	1,097,263	273,906	25,000	10,481	14,519
Capital Outlay	20,000	5,513	14,487	0	0	0
<b>Debt Service:</b>						
Principal Retirement	0	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0	0
<b>Total Expenditures</b>	<b>3,705,857</b>	<b>3,309,939</b>	<b>395,918</b>	<b>1,504,681</b>	<b>1,257,909</b>	<b>246,772</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(87,982)</b>	<b>493,035</b>	<b>581,017</b>	<b>(764,523)</b>	<b>(485,979)</b>	<b>278,544</b>
<b>Other Financing Sources (Uses):</b>						
Proceeds of Bonds	0	0	0	0	0	0
Proceeds of Notes	0	0	0	0	0	0
Proceeds from Disposition of Fixed Assets	45,864	45,864	0	0	0	0
Operating Transfers - In	0	0	0	626,878	529,578	(97,300)
Operating Transfers - Out	(641,250)	(552,080)	89,170	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>(595,386)</b>	<b>(506,216)</b>	<b>89,170</b>	<b>626,878</b>	<b>529,578</b>	<b>(97,300)</b>
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<b>(683,368)</b>	<b>(13,181)</b>	<b>670,187</b>	<b>(137,645)</b>	<b>43,599</b>	<b>181,244</b>
Fund Balances (Deficit) at Beginning of Year	748,137	748,137	0	186,711	186,711	0
Prior Year Encumbrances Appropriated	353	353	0	374	374	0
<b>Fund Balances (Deficit) at End of Year</b>	<b>\$65,122</b>	<b>\$735,309</b>	<b>\$670,187</b>	<b>\$49,440</b>	<b>\$230,684</b>	<b>\$181,244</b>

See Accompanying Notes to the General Purpose Financial Statements

Debt Service			Capital Projects		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	312,826	290,523	(22,303)
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
10,075	9,778	(297)	11,385	7,634	(3,751)
0	0	0	0	0	0
151,400	156,171	4,771	52,700	52,700	0
20,000	40,000	20,000	0	0	0
181,475	205,949	24,474	376,911	350,857	(26,054)
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	373,826	370,757	3,069
1,116,660	1,116,660	0	0	0	0
63,023	61,728	1,295	0	0	0
1,179,683	1,178,388	1,295	373,826	370,757	3,069
(998,208)	(972,439)	25,769	3,085	(19,900)	(22,985)
0	0	0	10,000	5,000	(5,000)
980,000	950,000	(30,000)	0	0	0
0	0	0	0	0	0
23,500	23,262	(238)	0	0	0
(760)	(760)	0	0	0	0
1,002,740	972,502	(30,238)	10,000	5,000	(5,000)
4,532	63	(4,469)	13,085	(14,900)	(27,985)
33,013	33,013	0	(13,251)	(13,251)	0
0	0	0	0	0	0
\$37,545	\$33,076	(\$4,469)	(\$166)	(\$28,151)	(\$27,985)

**City of Celina  
Mercer County**

Combined Statement of Revenues, Expenses and Changes in Fund Equity  
All Proprietary Fund Types  
For the Year Ended December 31, 1999

	Enterprise	Internal Service	Totals (Memorandum Only)
<u>Operating Revenues:</u>			
Charges for Services	\$11,639,626	\$656,509	\$12,296,135
Other Operating Revenues	28,342	0	28,342
Total Operating Revenues	<u>11,667,968</u>	<u>656,509</u>	<u>12,324,477</u>
<u>Operating Expenses:</u>			
Personal Services	1,599,490	0	1,599,490
Contractual Services	6,752,399	136,486	6,888,885
Materials and Supplies	1,060,847	12,486	1,073,333
Bad Debt	41,716	0	41,716
Claims	0	455,169	455,169
Other	29,639	0	29,639
Depreciation	1,137,597	0	1,137,597
Total Operating Expenses	<u>10,621,688</u>	<u>604,141</u>	<u>11,225,829</u>
Operating Income	<u>1,046,280</u>	<u>52,368</u>	<u>1,098,648</u>
<u>Non-Operating Revenues (Expenses):</u>			
Changes in Joint Venture	(92)	0	(92)
Interest Income	130,031	0	130,031
Interest and Fiscal Charges	(474,611)	0	(474,611)
Total Non-Operating Revenues (Expenses)	<u>(344,672)</u>	<u>0</u>	<u>(344,672)</u>
Net Income	701,608	52,368	753,976
Retained Earnings at Beginning of Year	<u>17,475,724</u>	<u>79,907</u>	<u>17,555,631</u>
Retained Earnings at End of Year	18,177,332	132,275	18,309,607
Contributed Capital at Beginning and End of Year	1,736,981	0	1,736,981
Total Fund Equity at End of Year	<u>\$19,914,313</u>	<u>\$132,275</u>	<u>\$20,046,588</u>

See Accompanying Notes to the General Purpose Financial Statements

**City of Celina  
Mercer County**

Combined Statement of Revenues, Expenses and Changes in  
Fund Balance - Budget and Actual (Budget Basis)  
All Proprietary Fund Types  
For The Year Ended December 31, 1999

	Enterprise Funds			Internal Service Funds		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>						
Charges for Services	\$11,444,600	\$11,202,463	(\$242,137)	\$680,000	\$656,509	(\$23,491)
Proceeds of Refunding Bonds	5,563,742	4,934,424	(629,318)	0	0	0
Interest	132,562	133,632	1,070	0	0	0
Miscellaneous	12,300	16,713	4,413	0	6,901	6,901
Utility Deposits	36,000	33,275	(2,725)	0	0	0
<b>Total Revenues</b>	<b>17,189,204</b>	<b>16,320,507</b>	<b>(868,697)</b>	<b>680,000</b>	<b>663,410</b>	<b>(16,590)</b>
<u>Expenses:</u>						
Personal Services	1,880,701	1,726,971	153,730	0	0	0
Supplies and Materials	8,497,075	7,787,825	709,250	12,486	12,486	0
Payments to Third Party Administrators	0	0	0	800,000	596,486	203,514
Capital Outlay	1,412,200	1,174,607	237,593	0	0	0
Utility Refunds	37,000	35,335	1,665	0	0	0
Debt Service:						
Principal Retirement	270,000	270,000	0	0	0	0
Interest and Other Charges	623,293	623,291	2	0	0	0
Payment to Escrow Agent	5,573,337	4,980,330	593,007	0	0	0
<b>Total Expenses</b>	<b>18,293,606</b>	<b>16,598,359</b>	<b>1,695,247</b>	<b>812,486</b>	<b>608,972</b>	<b>203,514</b>
Excess of Revenues Over (Under) Expenses	(1,104,402)	(277,852)	826,550	(132,486)	54,438	186,924
Fund Balances at Beginning of Year	4,575,323	4,575,323	0	168,007	168,007	0
Prior Year Encumbrances Appropriated	15,808	15,808	0	0	0	0
<b>Fund Balances at End of Year</b>	<b>\$3,486,729</b>	<b>\$4,313,279</b>	<b>\$826,550</b>	<b>\$35,521</b>	<b>\$222,445</b>	<b>\$186,924</b>

See Accompanying Notes to the General Purpose Financial Statements

**City of Celina  
Mercer County**

Combined Statement of Cash Flows  
All Proprietary Fund Types  
For The Year Ended December 31, 1999

	Enterprise	Internal Service	Totals
<u>Increases and (Decreases) in Cash and Cash Equivalents:</u>			
<u>Cash Flows From Operating Activities:</u>			
Cash Received from Customers	\$10,997,613	\$0	\$10,997,613
Cash Received from Quasi-External Operating Transactions with Other Funds	204,850	656,509	861,359
Cash Received from Stop Loss Reimbursement	0	20,248	20,248
Cash Payments for Personal Services	(1,640,783)	0	(1,640,783)
Cash Payments for Materials and Supplies	(6,836,034)	(145,800)	(6,981,834)
Cash Payments for Quasi-External Operating Transactions with Other Funds	(627,536)	0	(627,536)
Cash Payments for Claims	0	(489,969)	(489,969)
Cash Received from Other Operating Revenues	16,713	0	16,713
Cash Received from Utility Deposits	33,275	0	33,275
Cash Payments for Deposits Refunded/Applied	(35,335)	0	(35,335)
Net Cash Provided By Operating Activities	<u>2,112,763</u>	<u>40,988</u>	<u>2,153,751</u>
<u>Cash Flows From Capital And Related Financing Activities:</u>			
Acquisition and Construction of Capital Assets	(506,108)	0	(506,108)
Capitalization of Payments for Personal Services	(86,188)	0	(86,188)
Proceeds from the Sale of Refunding Bonds	4,934,424	0	4,934,424
Payment to Refunded Bond Escrow Agent	(4,980,330)	0	(4,980,330)
Principal Paid on Revenue Bonds	(270,000)	0	(270,000)
Interest and Fiscal Charges Paid on Revenue Bonds	(623,291)	0	(623,291)
Net Cash Flows Used For Capital and Related Financing Activities	<u>(1,531,493)</u>	<u>0</u>	<u>(1,531,493)</u>
<u>Cash Flows From Investing Activities:</u>			
Interest	130,031	0	130,031
Cash Provided By Investing Activities	<u>130,031</u>	<u>0</u>	<u>130,031</u>
Net Increase In Cash And Cash Equivalents	711,301	40,988	752,289
Cash And Cash Equivalents At Beginning of Year	4,833,157	181,457	5,014,614
Cash And Cash Equivalents At End of Year	<u>\$5,544,458</u>	<u>\$222,445</u>	<u>\$5,766,903</u>

(Continued)

**City of Celina  
Mercer County**

Combined Statement of Cash Flows  
All Proprietary Fund Types  
For The Year Ended December 31, 1999  
(Continued)

	Enterprise	Internal Service	Totals
<u>Reconciliation Of Operating Income To Net Cash Provided By Operating Activities:</u>			
Operating Income	\$1,046,280	\$52,368	\$1,098,648
<u>Adjustments To Reconcile Operating Income To Net Cash Provided By Operating Activities:</u>			
Depreciation	1,137,597	0	1,137,597
Provision for Uncollectable Accounts Receivable	41,716	0	41,716
<u>Changes in Assets and Liabilities:</u>			
Increase in Accounts Receivable	(477,419)	0	(477,419)
Decrease in Due from Other Funds	1,998	0	1,998
Increase in Material and Supplies Inventory	(190,811)	0	(190,811)
Increase in Prepaid Items	(127)	0	(127)
Increase (Decrease) in Accounts Payable	(9,045)	3,172	(5,873)
Increase in Contracts Payable	607,947	0	607,947
Increase in Accrued Wages	7,571	0	7,571
Decrease in Compensated Absences	(22,738)	0	(22,738)
Decrease in Due to Other Funds	(2,015)	0	(2,015)
Decrease in Intergovernmental Payable	(26,131)	0	(26,131)
Decrease in Claims Payable	0	(14,552)	(14,552)
Decrease in Deposits Held and Due to Others	(2,060)	0	(2,060)
Net Cash Provided By Operating Activities	<u>\$2,112,763</u>	<u>\$40,988</u>	<u>\$2,153,751</u>

See Accompanying Notes to the General Purpose Financial Statements

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**CITY OF CELINA  
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999**

**NOTE 1 - REPORTING ENTITY**

The City of Celina (the City) is a home rule municipal corporation established and operated under the laws of the State of Ohio. The City operates under the Mayor/Council form of government.

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements of the City are not misleading. The primary government of the City of Celina consists of all funds, departments, boards and agencies that are not legally separate from the City. The City is segmented into many different activities and smaller accounting entities. These include a municipal court, a police force, a fire fighting force, a street maintenance force, planning and zoning departments, a parks and recreation system, an electrical system, a water system, a sewer system, and a staff to provide essential support to these service providers. The operation and control of these activities is provided by the City Council through the budgetary process and by the Mayor through administrative and managerial requirements and procedures. All are responsible to the citizens of Celina and are included as part of the primary government.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units may also include organizations for which the City approves the budget, the issuance of debt or the levying of taxes. The City has no component units.

The City is associated with the Grand Lake/Mercer County Development Corporation defined as joint ventures and the Ohio Municipal League City Equity Pooling Workers' Compensation Group Rating Program defined as an insurance purchasing pool. These organizations are presented in the notes to the general purpose financial statements (See Note 19 and 20).

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the City of Celina have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City also applies Financial Accounting Standards Board (FASB) statements issued on or before November 30, 1989, to the proprietary funds provided they do not conflict with or contradict GASB pronouncements. The more significant of the City's accounting policies are described below.

**A. Fund Accounting**

The City uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain City functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

For financial statement presentation purposes, the various funds of the City are grouped into the following generic fund types under the broad fund categories governmental, proprietary and fiduciary.

**CITY OF CELINA  
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**A. Fund Accounting (Continued)**

**Governmental Fund Types:**

Governmental funds are those through which most governmental functions typically are financed. The acquisition, use, and balances of the City's expendable financial resources and the related current liabilities (except those accounted for in the proprietary funds) are accounted for through governmental funds. The following are the City's governmental fund types:

**General Fund.** The General fund is used to account for all financial resources of the City except those required to be accounted for in another fund. The general fund balance is available to the City for any purpose provided it is expended or transferred according to an ordinance of the City and/or the general laws of Ohio.

**Special Revenue Funds.** Special Revenue funds are used to account for the proceeds of specific revenue sources (other than for major capital projects) that are legally restricted to expenditure for specified purposes.

**Debt Service Funds.** The Debt Service fund is used to account for the accumulation of financial resources for, and the payment of, general long-term debt principal, interest, and related costs and special assessment long-term debt principal, interest and related costs.

**Capital Projects Funds.** Capital Projects funds are used to account for financial resources used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds.

**Proprietary Fund Types:**

The proprietary funds are used to account for the City's ongoing organizations and activities which are similar to those often found in the private sector. The following proprietary fund types are utilized by the City:

**Enterprise Funds.** Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that costs (expenses, including depreciation) of providing services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

**Internal Service Funds.** The Internal Service fund is used to account for the financing of goods and services provided by one department or agency to other departments or agencies of the City, or to other governmental units, on a cost-reimbursement basis.

**Fiduciary Fund Types:**

These funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. The City has no trust funds. The City's agency funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations.

**CITY OF CELINA  
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**A. Fund Accounting (Continued)**

**Account Groups:**

To make a clear distinction between fixed assets related to specific funds and those of general government, and between long term liabilities related to specific funds and those of a general nature, the following account groups are used:

**General Fixed Assets Account Group.** The general fixed assets account group is used to account for all fixed assets of the City, other than those accounted for in the proprietary funds.

**General Long-Term Obligations Account Group.** The general long-term obligations account group is used to account for all long-term obligations of the City, except those which are accounted for in the proprietary funds.

**B. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made. The modified accrual basis of accounting is used for reporting purposes by the governmental fund types and agency funds. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. Measurable means the amount of the transaction can be determined. Available means collectible within the current year or soon enough thereafter to be used to pay liabilities of the current year end, which for the City is considered to be thirty-one days after year end.

Revenues accrued at the end of the year included investment earnings, state levied-shared revenues, municipal income taxes withheld by employers, fines and forfeitures, and reimbursements due from state or federally funded projects for which corresponding expenditures have been made.

Other revenues, including licenses, permits, certain charges for services, income taxes other than those withheld by employers, and miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received.

The City reported deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Special assessments are recorded as deferred revenue because they do not meet the availability criteria.

**CITY OF CELINA  
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Measurement Focus and Basis of Accounting (Continued)**

Property taxes measurable as of December 31, 1999, and delinquent property taxes, whose availability is indeterminable and which are intended to finance 2000 operations, have also been recorded as deferred revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

The accrual basis of accounting is used for reporting purposes by the proprietary funds. Revenues are recognized in the accounting period in which they are earned and expenses are recognized at the time they are incurred. Unbilled service charges receivable are recognized as revenue at year end.

**C. Budgetary Data**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation ordinance, all of which are prepared on the budgetary basis of accounting. All funds, other than agency funds and the segregated cash account held by a third party administrator, are legally required to be budgeted and appropriated.

**Tax Budget**

Prior to July 15, the City Auditor submits to the City Council a proposed operating budget for the year commencing the following January 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates.

By no later than July 20, the Council-adopted budget is filed with the Mercer County Budget Commission for rate determination.

**Estimated Resources**

Prior to October 1, the City accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources which states the estimated fund balance and projected revenue of each fund. Prior to December 31, the City must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about January 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the City Auditor. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during the year 1999.

**CITY OF CELINA  
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Budgetary Data (Continued)**

**Appropriations**

By April 1, the annual appropriation ordinance must be legally enacted by the City at the fund, department, and object level of expenditures, which are the legal levels of budgetary control. Prior to the passage of the annual appropriation measure, a temporary appropriation measure is passed to meet the ordinary expenses of the City. The appropriation ordinance, by fund, must be within the estimated resources as certified by the County Budget Commission. Any revisions that alter the total of any fund appropriation or alter total department appropriations within a fund, or alter object appropriations must be approved by Council. The City may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent amended certificate of estimated resources.

During the year, several supplemental appropriations were legally enacted; however, none of these amendments were significant. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations.

**Budgeted Level of Expenditure/Expense**

Administrative control is maintained through the establishment of detailed line-item budgets. Appropriated funds may not be expended for purposes other than those designated in the appropriation ordinance without authority from Council. Expenditures/expenses plus encumbrances may not legally exceed appropriations at the level of appropriation adopted by Council. For all funds, Council appropriations are made by department and major object levels, which include personal services, materials and supplies, contractual services, other expenditures/expenses, and transfers, and individual accounts for bond and note principal retirement, interest and fiscal charges, capital outlay, and operating transfers. More detailed appropriation allocations may be made by the City Auditor as long as the allocations are within Council's original appropriated amount.

**Lapsing of Appropriations**

At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding year and is not reappropriated.

**Encumbrances**

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are encumbered and recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and determine and maintain legal compliance. On the GAAP basis, encumbrances outstanding at year end are reported as a reservation of fund balance for subsequent year expenditures for governmental funds and disclosed in the notes to the financial statements for proprietary funds.

**D. Cash, Cash Equivalents and Investments**

To improve cash management, cash received by the City is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the City's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the combined balance sheet.

**CITY OF CELINA  
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Cash, Cash Equivalents and Investments (Continued)**

During 1999, investments were limited to STAROhio, repurchase agreements, manuscript bonds, and mutual funds. Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market price. Nonparticipating investment contracts such as repurchase agreements are reported at cost. Mutual fund investments are valued at the share price which is the price the investment could be sold for on December 31, 1999.

The City has invested funds in the State Treasury Asset Reserve of Ohio (STAROhio) during 1999. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on December 31, 1999.

Under existing Ohio statutes all investment earnings are assigned to the General Fund unless statutorily required to be credited to a specific fund. Interest revenue credited to the General Fund during 1999 amounted to \$187,108, which includes approximately \$29,500 assigned from other City funds.

The City has segregated bank accounts for monies held separate from the City's central bank account and within various departments. These interest bearing depository accounts are presented in the Combined Balance Sheet as "Cash and Cash Equivalents in Segregated Accounts" and "Cash and Cash Equivalents with Fiscal and Escrow Agents" since they are not required to be deposited into the City treasury.

For purposes of the Combined Statement of Cash Flows and for presentation of the Combined Balance Sheet, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the City are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

**E. Inventory of Materials and Supplies**

Inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. The costs of inventory items are recorded as expenditures in the governmental fund types when purchased and as expenses in the proprietary fund type when used. The reserve for inventory within the governmental funds indicates that a portion of the fund balance is not available for future expenditures.

**F. Prepaid Assets**

Payments made to vendors for services that will benefit periods beyond December 31, 1999, are recorded as prepaid items by using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

**G. Unamortized Bond Issuance Costs**

In governmental fund types, bond issuance costs are expended in the current period. Bond issuance costs for proprietary fund types are deferred and amortized over the term of the bonds using the bonds-outstanding method, which approximates the effective interest method. Issuance costs are recorded as deferred charges.

**CITY OF CELINA  
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**H. Restricted Assets**

Certain proceeds of enterprise fund mortgage revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. The City has utility deposits from customers that are classified as restricted assets on the balance sheet because their use is limited to the payment of unpaid utility bills or the refunding of the deposit to the customer. Also, the City has retainage held on projects classified as restricted assets on the balance sheet because their use is limited to the payment of the retainage to the contractor.

**I. Interfund Assets / Liabilities**

Receivables and payables arising between funds for goods provided or services rendered are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans or the short-term portion of advances are classified as "interfund receivables/payables."

**J. Fixed Assets and Depreciation**

The fixed asset values were initially determined at December 31, 1986, assigning original acquisition costs when such information was available. In cases where information supporting original costs was not available, estimated historical costs were developed. For certain fixed assets, the estimates were arrived at by indexing estimated current costs back to the estimated year of acquisition. Donated fixed assets are capitalized at fair market value on the date donated.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

**General Fixed Assets**

General fixed assets (fixed assets used in governmental fund type operations) are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Assets in the general fixed assets account group are not depreciated.

Public domain (infrastructure) general fixed assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, and drainage systems are not capitalized or reported, as these assets are immovable and of value only to the government.

**Proprietary Fund Fixed Assets**

Fixed assets associated with the enterprise fund activities are accounted for in that fund. Depreciation is calculated using the straight line method over the assets' estimated useful lives. The electric lines, poles and transformers are depreciated as a grouped asset. The gain or loss on normal retirements or replacements of grouped assets in the electric enterprise fund is not recognized; the difference between the cost of the assets retired or replaced and the salvage is charged or credited to accumulated depreciation.

**CITY OF CELINA  
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**J. Fixed Assets and Depreciation (Continued)**

**Proprietary Fund Fixed Assets (Continued)**

The assets of the enterprise funds are depreciated on the following basis:

Buildings	30 Years
Water, Sewer and Electric Lines	20 - 50 Years
Equipment	10 - 20 Years
Vehicles/Inland Marine	3 - 10 Years
Furniture and Fixtures	10 Years

**Capitalization of Interest**

Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The City's policy is to capitalize net interest on construction projects until substantial completion of the project. The amount of capitalized interest equals the difference between the interest cost associated with the tax-exempt borrowing used to finance the project from the date of borrowing until completion of the project and the interest earned from temporary investment of the debt proceeds over the same period. Capitalized interest is amortized on the straight-line basis over the estimated useful life of the asset. For 1999, there was no interest capitalized.

**K. Accrued and Long-Term Liabilities**

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, compensated absences and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current available expendable financial resources. Payments made more than thirty-one days after fiscal year end are considered not to have used current available financial resources. Bonds are reported as a liability of the general long-term obligations account group until due.

Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate proprietary funds.

Under Ohio law, a debt retirement fund may be created and used for the payment of all debt principal and interest. Generally accepted accounting principles require the allocation of the debt liability among the capital projects and enterprise funds, and the general long term obligations account group, with principal and interest payments on matured general obligation long term debt being reported in the debt service fund. To comply with GAAP reporting requirements, the City's debt retirement fund has been split among the appropriate funds and account group. Debt service fund resources used to pay both principal and interest have also been allocated accordingly.

**L. Compensated Absences**

Vacation benefits are accrued as a liability as the benefits are earned if the employee's rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the termination method. The liability is based on an estimate of the amount of accumulated sick leave that will probably be paid as termination benefits.

**CITY OF CELINA  
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**L. Compensated Absences (Continued)**

The current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

**M. Reserves of Fund Equity**

Reserves of fund equity indicate that a portion of fund balance is not available for expenditure or is legally segregated for a specific future use. Governmental fund balances are reserved for encumbrances, inventory of supplies, and notes receivable. Proprietary fund balances are reserved for restricted assets, net of payables, that are legally segregated for a specific future use. Reserves for revenue bond operations and replacement are provided through operating income as established pursuant to a bond indenture.

**N. Interfund Transactions**

During the course of normal operations, the City has numerous transactions between funds, most of which are in the form of transfers of resources to provide services, construct assets and service debt. The accompanying financial statements generally reflect such transactions as operating transfers. Operating subsidies are also recorded as operating transfers.

Nonrecurring and nonroutine transfers of equity between funds, capital contributions to the enterprise funds, the subsequent return of all or part of such contributions, and the transfer of residual balances of discontinued funds or projects to the general fund, capital projects fund, or debt service funds (when financed with debt proceeds) are classified as residual equity transfers.

Residual equity transfers also include the transfer of fixed assets between the enterprise funds and the general fixed asset account group. Fixed assets transferred into proprietary fund types are recorded as capital contributions rather than residual equity transfers in and as additions to fixed assets in the general fixed asset account group.

Transactions that constitute reimbursements for expenditures or expenses initially made from a fund that are properly allocable to another fund are recorded as expenditures or expenses in the reimbursing fund and as reductions of the expenditures or expenses in the fund that is reimbursed. Quasi-external transactions are accounted for as revenues and expenditures or expenses.

**O. Intergovernmental Revenues**

For governmental funds, intergovernmental revenues, such as grants awarded on a non-reimbursement basis and shared revenues are recorded as receivables and revenues when measurable and available. Grants or shared revenues received for proprietary fund operating purposes are recognized as non-operating revenues in the accounting period in which they are earned and become measurable. Such resources restricted for the construction of capital assets are recorded as contributed capital.

**P. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**CITY OF CELINA  
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Q. Total Columns on Combined Financial Statements**

Total columns in the General Purpose Financial Statements are captioned "Totals (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**NOTE 3 - CHANGE IN ACCOUNTING ESTIMATE**

In 1999, the City changed the estimated useful life of the electric poles and lines from 40 years to 30 years. The effect of changing the estimated useful life has increased depreciation expense by \$133,200 in the electric enterprise fund in 1999.

**NOTE 4 - ACCOUNTABILITY AND COMPLIANCE**

**A. Accountability - Fund Equity Deficits**

**CAPITAL PROJECTS FUND**

There is a deficit in the capital improvement capital projects fund of \$8,541, because no resources were provided for the project. The general fund is liable for the deficit in this fund, but provides operating transfers when cash is required, not when accruals occur.

**B. Compliance**

Section 5705.10, Revised Code, states that money paid into any fund shall be used only for the purposes for which such fund was established. The existence of a deficit balance in any fund indicates that money from another fund or funds has been used to pay the obligations of the fund or funds carrying the deficit balance. The capital improvement capital projects fund had a deficit cash balance at year end.

The following fund had appropriations in excess of estimated receipts plus available balances for the year ended December 31, 1999:

<u>Capital Projects Fund:</u>	<u>Excess</u>
Capital Improvement	\$166

**NOTE 5 - BUDGETARY BASIS OF ACCOUNTING**

While reporting financial position, results of operations, and changes in fund balance/retained earnings on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances.

**CITY OF CELINA  
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)**

**NOTE 5 - BUDGETARY BASIS OF ACCOUNTING (Continued)**

The Combined Statement of Revenues, Expenditures and Changes in Fund Balances -Budget and Actual (Budget Basis) - All Governmental Fund Types and the Combined Statement of Revenues, Expenses and Changes in Fund Equity - Budget and Actual (Budget Basis) - All Proprietary Fund Types are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
3. Outstanding year end encumbrances are treated as expenditures/expenses (budget basis) rather than as a reservation of fund balance for governmental fund type (GAAP basis) and note disclosure for proprietary fund types (GAAP basis);
4. Proceeds from and principal payments on short-term note obligations are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis);
5. For proprietary funds, the acquisition and construction of capital assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis); and,
6. The City does not budget for the activities of the third-party administrator who received funds from the City for the payment of claims; however, the activity of the third-party administrator is included in the internal service fund for GAAP reporting.

Excess of Revenues and Other Financing Sources  
Over Expenditures and Other Uses  
All Governmental Fund Types

	General	Special Revenue	Debt Service	Capital Projects
GAAP Basis	\$533,967	\$20,083	\$63	\$3,411
Adjustments for :				
Revenue Accruals	18,999	(1,201)	0	1,548
Unrecorded Cash:				
Prior Year	13,144	2,077	0	0
Current Year	(16,433)	(2,109)	0	0
Expenditure Accruals	(29,437)	7,020	0	(1,800)
Prepaid Items	(87)	0	0	0
Revolving Loan Activity	0	15,185	0	0
Note Proceeds	0	0	450,000	0
Retirement of Notes	0	0	(500,000)	0
Reclassification and Other Adjustments:				
To Reclassify Debt Service Activity Into Financial Statement Fund Types	(500,000)	0	50,000	0
Encumbrances Against Current Year Appropriations	(33,917)	(2,305)	0	(19,359)
Payments Made Against Prior Year Encumbrances	10,583	4,849	0	1,300
Budget Basis	(\$13,181)	\$43,599	\$63	(\$14,900)

**CITY OF CELINA  
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)**

**NOTE 5 - BUDGETARY BASIS OF ACCOUNTING (Continued)**

Net Income/Excess of Revenues Over (Under)  
Expenses and Operating Transfers  
All Proprietary Fund Types

	Enterprise	Internal Service
GAAP Basis	\$701,608	\$52,368
Adjustments for:		
Revenue Accruals	(471,820)	0
Expense Accruals	540,576	(11,380)
Bad Debt Expense	41,716	0
Changes in Prepaid Items	(127)	0
Changes in Inventory	(190,811)	0
Fixed Asset Acquisitions	(592,296)	0
Depreciation Expense	1,137,597	0
Utility Deposits, Net	(2,060)	0
Proceeds of Bonds	4,934,424	0
Retirement of Debt	(5,250,330)	0
Amortization of Discount	147	0
Amortization of Accounting Loss	12,083	0
Capitalization of Issuance Costs	(156,200)	0
Amortization of Issuance Costs	10,303	0
Income of Joint Venture	92	0
Encumbrances Against Current Year Appropriations	(1,231,372)	0
Payments Made Against Prior Year Encumbrances	\$238,618	\$0
Reclassifications and Other Adjustments: To Record Excess of Revenues Under Expenses for Segregated Cash Accounts	0	13,450
Budget Basis	(\$277,852)	\$54,438

**NOTE 6 - DEPOSITS AND INVESTMENTS**

The City Auditor and City Treasurer are responsible for selecting depositories and investing funds. State statutes classify monies held by the City into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the City 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 that Council has identified as not required for use within the current two 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 moneys. Interim moneys are those moneys which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories.

**CITY OF CELINA  
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)**

**NOTE 6 - DEPOSITS AND INVESTMENTS (Continued)**

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 pass book accounts. Interim monies may be deposited or invested in the following securities:

1. United States Treasury notes, bills, bonds, 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 obligations or securities 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 services shall be direct issuances of Federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
6. The State Treasurer's investment pool (STAROhio).

The City may also invest any monies not required to be used for a period of six months or more in the following:

1. Bonds of the State of Ohio;
2. Bonds of any municipal corporation, village, county, township, or other political subdivision of this State, as to which there is no default of principal, interest or coupons; and
3. Obligations of the City.

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 City, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Protection of the City's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public moneys deposited with the institution.

**CITY OF CELINA  
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)**

**NOTE 6 - DEPOSITS AND INVESTMENTS (Continued)**

At year end, the City had \$30,849 in undeposited cash on hand which is included on the balance sheet of the City as part of "Equity in Pooled Cash and Cash Equivalents."

**Deposits:** At year end, the carrying amount of the City's deposits was \$118,473 and the bank balance was \$270,019. Of the bank balance, \$207,985 was insured or collateralized by federal depository insurance. The remaining amount was uninsured and uncollateralized. Although the securities were held by the pledging financial institutions' trust department in the City's name and all statutory requirements for the investment of money had been followed, non-compliance with federal requirements would potentially subject the City to a successful claim by the FDIC.

**Investments:** GASB Statement 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements", requires that local governments disclose the carrying amounts and market value of investments, classified by risk. The government's investments are categorized as either (1) insured or registered, or securities are held by the City or its agent in the City's name, (2) uninsured and unregistered, with securities held by the counterparty's trust department or agent in the City's name or (3) uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the City's name. Investments in STAROhio, mutual funds, and deferred compensation are not classified since they are not evidenced by securities that exist in physical or book entry form.

	Risk Category		Carrying/ Fair Value
	1	3	
Manuscript Bonds	\$5,490	\$0	\$5,490
Repurchase Agreements	0	3,295,000	3,295,000
	\$5,490	\$3,295,000	
STAROhio			2,500,000
Mutual Funds			943,399
Total			\$6,743,889

The classification of cash and investments on the financial statements is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting." A reconciliation between the classifications of cash and investments on the financial statements and the classifications per GASB 3 is as follows:

	Cash and Cash Equivalents/ Deposits		Investments
	GASB Statement 9	\$6,893,211	\$0
Cash on Hand	(30,849)	0	
Investments:			
Manuscript Bonds	(5,490)	5,490	
STAROhio	(2,500,000)	2,500,000	
Mutual Funds	(943,399)	943,399	
Repurchase Agreements	(3,295,000)	3,295,000	
GASB Statement 3	\$118,473	\$6,743,889	

**CITY OF CELINA  
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)**

**NOTE 7 - INCOME TAX**

The City levies an income tax of one percent on all income earned within the City as well as incomes of residents earned outside the City. In the latter case the City allows a credit of 100 percent of the tax paid to another municipality, not to exceed the amount owed. Employers within the City are required to withhold income tax on employee earnings and remit the tax to the City at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually. All income tax is credited to the general fund.

**NOTE 8 - PROPERTY TAXES**

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Taxes collected on real property (other than public utility) in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year, the lien date. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year, were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed on tangible personal property at eighty-eight percent of true value (with certain exceptions) and on real property at thirty-five percent of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the current fiscal year. Tangible personal property assessments are twenty-five percent of true value. The full tax rate for all City operations for the year ended December 31, 1999, was \$2.20 per \$1000 of assessed value.

The assessed values of real and tangible personal property upon which 1999 property tax receipts were based are as follows:

<u>Category</u>	<u>Assessed Value</u>
Real Estate	
Residential/Agricultural	\$79,848,690
Commercial/Industrial	35,528,440
Tangible Personal	25,334,450
Public Utility Real	1,860
Public Utility Personal	3,253,170
Total	<u>\$143,966,610</u>

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, 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. Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the City. The County Auditor periodically remits to the City its portion of the taxes collected.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of December 31, 1999. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations.

**CITY OF CELINA  
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)**

**NOTE 9 - RECEIVABLES**

Receivables at December 31, 1999, consisted of taxes, intergovernmental receivables arising from grants, entitlements and shared revenues, special assessments, CDBG notes receivable, interest on investments, and utility accounts. All receivables are considered to be fully collectible, except for utility accounts receivable. A summary of utility accounts receivable is as follows:

	Gross Accounts Receivable	Uncollectible	Net Accounts Receivable
Electric	\$1,762,394	\$278,477	\$1,483,917
Water	260,794	47,159	213,635
Sewer	286,129	28,926	257,203
Total	\$2,309,317	\$354,562	\$1,954,755

Notes receivable represent low interest notes for development projects granted to eligible City businesses under the Federal Community Development Block Grant program. The notes bear interest at an annual rate of five to seven percent. The loans are to be repaid over periods ranging from five to twenty years.

A summary of the principal items of intergovernmental receivables follows:

Fund Type / Fund	Amounts
<b>GENERAL FUND</b>	
Local Government	\$34,475
Law Library	3,120
Estate Tax	58,177
Total General Fund	95,772
<b>SPECIAL REVENUE FUNDS</b>	
Street	
Gasoline Tax	17,613
Motor Vehicle License Tax	6,632
Total Street	24,245
State Highway	
Gasoline Tax	1,428
Motor Vehicle License Tax	538
Total State Highway	1,966
Permissive License Tax	
Permissive License	1,823
Total Special Revenue Funds	28,034
Total - All Funds	\$123,806

**CITY OF CELINA  
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)**

**NOTE 10 - FIXED ASSETS**

**A. General Fixed Assets**

The changes in general fixed assets during 1999 were as follows:

	Balance 12/31/98	Additions	Deletions	Balance 12/31/98
Land	\$1,207,433	\$0	\$0	\$1,207,433
Land Improvements	246,943	1,600	0	248,543
Buildings	224,100	0	0	224,100
Improvements Other Than Buildings	1,653,557	8,581	0	1,662,138
Furniture and Fixtures	509,293	58,326	27,952	539,667
Vehicles/Inland Marine	1,383,695	71,742	0	1,455,437
<b>Total</b>	<b><u>\$5,225,021</u></b>	<b><u>\$140,249</u></b>	<b><u>\$27,952</u></b>	<b><u>\$5,337,318</u></b>

**B. Fund Fixed Assets**

All fund fixed assets relate to the electric, water, and sewer enterprise funds. The balances as of December 31, 1999 for the enterprise funds were as follows:

	Enterprise
Land	\$157,815
Buildings	16,159,594
Electric, Water and Sewer Lines	26,323,178
Furniture and Fixtures	502,479
Vehicles/Inland Marine	832,010
<b>Total Fund Fixed Assets</b>	<b><u>43,975,076</u></b>
Less: Accumulated	<b><u>(23,277,037)</u></b>
<b>Total Fund Fixed Assets (Net of Accumulated Depreciation)</b>	<b><u>\$20,698,039</u></b>

**NOTE 11 - RISK MANAGEMENT**

**A. Employee Medical Benefits**

In 1985, the City established a medical self-insurance fund (an internal service fund) to account for and finance its uninsured risks of loss. Under this program, the medical self-insurance fund provides coverage for up to a maximum of \$35,000 for each individual, with a \$1,000,000 aggregate over the employee's life. The City purchased commercial insurance for claims in excess of coverage provided by the fund and for all other risks of loss. Settled claims have exceeded the fund's coverage in the last three years due to a potential terminal illness of an employee's dependent; however, these claims have not exceeded the stop loss coverage. Excess costs have been reimbursed by stop-loss insurance coverage. The City does not anticipate being responsible for any costs that exceed the stop-loss insurance coverage.

**CITY OF CELINA  
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)**

**NOTE 11 - RISK MANAGEMENT (Continued)**

All funds of the City participate in the program and make payments to the medical self-insurance fund based on actuarial estimates of the amounts needed to pay prior- and current-year claims. The liability for unpaid claims costs reported in the fund at December 31, 1999, is based on the requirements of Governmental Accounting Standards Board Statement No. 30, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The liability was based on a review of all claims paid after the balance sheet date. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. The City had several occurrences in 1999 in which settled claims exceeded coverage provided by the fund on an individual basis in the amount of \$20,248 which was received during the year. Changes in the fund's claims liability amount in 1998 and 1999 were:

	Beginning of Year Liability	Current Year Claims and Changes in Estimates	Stop-Loss Reimbursement	Claim Payments	Balance at Year End
1998	\$36,554	\$480,752	\$80,172	\$495,928	\$101,550
1999	101,550	455,169	20,248	489,969	86,998

**B. Property and Liability**

The City 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 1999, the City also entered into contracts with several insurance agencies for various insurances, which includes the following types of insurance, amount of coverage and the amount of deductible:

<u>Type of Coverage</u>	<u>Coverage</u>	<u>Deductible</u>
General Liability	\$3,000,000	\$0
General Liability - Aggregate	5,000,000	0
Police Professional and Employee	2,000,000	2,500
Police Professional and Employee - Aggregate	3,000,000	2,500
Public Official Liability	3,000,000	2,500
Automobile Fleet Liability	2,000,000	250
Building and Contents	27,083,328	1,000
Earthquake	10,000,000	100,000
Boiler and Machinery	1,000,000	500
Bond	10,000	0
Crime	20,000	0
Equipment	2,035,079	100
Electronic Data Processing	200,000	100

Settled claims have not exceed this commercial coverage in any of the past three years and there has not been a significant reduction in coverage from the prior year.

All employees of the City are covered by a blanket bond, while certain individuals in policy-making roles are covered by separate, higher limit bond coverage.

**CITY OF CELINA  
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)**

**NOTE 11 - RISK MANAGEMENT (Continued)**

**C. Workers' Compensation**

For 1999, the City participated in the Ohio Municipal League City Equity Pooling Workers' Compensation Group Rating Program (the Program), an insurance purchasing pool. The intent of the Program is to achieve the benefit of a reduced premium for the City by virtue of its grouping and representation with other participants in the Program. The workers' compensation experience of the participating cities is calculated as one experience and a common premium rate is applied to all cities in the Program. Each participant pays its workers' compensation premium to the State based on the rate for the Program rather than its individual rate.

Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the Program. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the Program. Participation in the Program is limited to cities that can meet the Program's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control, and actuarial services to the Program.

**NOTE 12 - EMPLOYEE BENEFITS**

**A. Compensated Absences**

Vacation leave is earned at rates which vary depending upon length of service and standard work week. Current policy permits vacation leave to be carried forward with the written approval of the safety service director. City employees are paid for all earned, unused vacation leave at the time of termination of employment. Vacation leave is recognized as a liability in the period in which it is earned.

Employees earn sick leave at the rate of four and six-tenths hours for every eighty hours worked. Current policy permits sick leave to be accumulated without limit. The termination method is used to compute the sick leave liability. The sick leave liability is an estimate based on the City's past experience of making termination payments for sick leave, adjusted for the effect of changes in its termination payment policies.

The liability for governmental funds is reported in the general long-term obligations account group in the amount of \$219,277. Unpaid compensated absences of \$39,634, \$31,736, and \$19,625 were reported as an accrued liability in the electric, water, and sewer enterprise funds, respectively.

**B. Health Care Benefits**

The City provides life insurance and accidental death and dismemberment; medical/surgical benefits; and dental insurance to most employees through the City's self-insurance program. The employees share the cost of the monthly premium with Council. The premium varies with employee depending on the terms of the union agreements or Council policy.

**CITY OF CELINA  
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)**

**NOTE 13 - DEFINED BENEFIT PENSION PLANS**

**A. Public Employees Retirement System**

All City full-time employees, other than law enforcement employees, participate in the Public Employees Retirement System of Ohio (PERS), a cost-sharing multiple-employer public employee retirement system administered by the Public Employees Retirement Board. PERS provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. PERS issues a stand-alone financial report which may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642.

Plan members, other than those engaged in law enforcement, are required to contribute 8.5 percent of their annual covered salary to fund pension obligations and the City is required to contribute 9.35 percent. Contributions are authorized by State statute. The contribution rates are determined actuarially. The City's required contributions to PERS for the years ended December 31, 1999, 1998, and 1997 were \$223,181, \$221,330, and \$201,094, respectively. The full amount has been contributed for 1998 and 1997. Sixty-seven percent has been contributed for 1999 with the remainder being reported as a liability within the general long-term obligations account group, and electric, water, and sewer enterprise funds.

**B. Police and Firemen's Disability and Pension Fund**

The City contributes to the Police and Firemen's Disability and Pension Fund of Ohio (the "Fund"), a cost-sharing multiple employer public employee retirement system administered by the Fund's Board of Trustees. The Fund provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provision are established by the Ohio State Legislature and by Chapter 742 of the Ohio Revised Code. The Fund issues a publicly available financial report that includes financial information and required supplementary information for the Fund. That report may be obtained by writing to the Police and Firemen's Disability and Pension Fund of Ohio, 140 East Town Street, Columbus, Ohio 43215.

Police and firefighters are required to contribute 10 percent of their annual covered salary to fund pension obligations and the City is required to contribute 12.5 percent for police and 17 percent for firefighters. Contributions are authorized by State statute.

The City's contributions to the Fund for police and firefighters were \$74,539 and \$110,182 for the year ended December 31, 1999, \$75,286 and \$108,317 for 1998, and \$72,442 and \$109,643 for 1997. The full amount has been contributed for 1997 and 1996. Seventy-six percent has been contributed for 1999 with the remainder being reported as a liability within the general long-term obligations account group.

In addition to the current contribution, the City paid the accrued liability in full that had incurred when the State of Ohio established the statewide pension system for police and firefighters in 1967.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by a State retirement system have an option to choose Social Security or the appropriate state system. As of December 31, 1999, three of the part-time firemen have elected Social Security. The City's liability is 6.2 percent of wages paid.

**CITY OF CELINA  
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)**

**NOTE 14 - POSTEMPLOYMENT BENEFITS**

**A. Public Employees Retirement System (PERS)**

The Public Employees Retirement System of Ohio (PERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirees. Health care coverage for disability recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of postretirement health care based on authority granted by State statute. The 1999 employer contribution rate was 13.55 percent of covered payroll for employees not engaged in law enforcement; 4.2 percent was the portion that was used to fund health care for the year 1999.

For 1999, benefits were funded on a pay-as-you-go basis. OPEB are financed through employer contributions and investment earnings. The contributions allocated to retiree health care, along with investment income on allocated assets and periodic adjustments in health care provisions, are expected to be sufficient to sustain the program indefinitely. During 1999, OPEB expenditures made by PERS were \$523,599,349. As of December 31, 1999, the unaudited estimated net assets available for future OPEB payments were \$9,870,285,641. At December 31, 1999, the total number of benefit recipients eligible for OPEB through PERS was 118,062. The City's actual contributions for 1999 which were used to fund OPEB were \$100,253.

**B. Police and Firemen's Disability and Pension Fund**

The Police and Firemen's Disability and Pension Fund (the "Fund") provides postretirement health care coverage to any person who receives or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school or under the age of 22 if attending school full-time or on a 2/3 basis.

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB Statement No. 12. The Ohio Revised Code provides the authority allowing the Police and Firemen's Disability and Pension Fund's board of trustees to provide health care coverage and states that health care cost paid from the Police and Firemen's Disability and Pension Fund shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution is 19.5 percent of covered payroll and the total firefighter employer contribution rate is 24 percent of covered payroll, of which 7.0 percent of covered payroll is applied to the postemployment health care program. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment.

The number of participants eligible to receive health care benefits as of December 31, 1998, was 11,424 for police and 9,186 for firefighters. The City's actual contributions for 1999 that were used to fund postemployment benefits were \$41,742 for police and \$45,369 for fire. The Fund's total health care expenses for the year ended December 31, 1998, (the latest information available) were \$78,596,790.

**CITY OF CELINA  
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)**

**NOTE 15 - NOTES PAYABLE - FUND OBLIGATIONS**

General obligation notes payable activity for the year ended December 31, 1999 was as follows:

	Interest Rate	Balance 12/31/99	Increase	Decrease	Balance 12/31/99
<u>General Fund:</u>					
Real Estate Acquisition Note	4.01%	\$500,000	\$0	\$500,000	\$0

**NOTE 16 - OUTSTANDING LONG-TERM OBLIGATIONS**

Bonded debt and other long-term obligations payable activity for the year ended December 31, 1999 was as follows:

	Balance 12/31/98	Increase	Decrease	Balance 12/31/99
<u>General Long-Term Obligations:</u>				
<u>General Obligation Notes</u>				
Swimming Pool 3.36%	\$600,000	\$500,000	(\$600,000)	\$500,000
Real Estate Acquisition 3.76%	0	450,000	0	450,000
Total General Obligation Notes	600,000	950,000	(600,000)	950,000
<u>General Obligation Bonds</u>				
6% - 7.75% Issued 1988				
Storm Sewer Bond	200,000	0	(15,000)	185,000
<u>Special Assessment Bonds</u>				
4.25% Issued 1999				
1998 Sidewalk Curb	\$0	5,000	0	5,000
5.25% Issued 1994				
Special Sidewalk Curb	1,320	0	(660)	660
5.25% Issued 1994				
1993 Sidewalk Curb	1,000	0	(1,000)	0
Total Special Assessment Bonds	2,320	5,000	(1,660)	5,660

**CITY OF CELINA  
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)**

**NOTE 16 - OUTSTANDING LONG-TERM OBLIGATIONS (Continued)**

	Balance 12/31/98	Increase	Decrease	Balance 12/31/99
<u>Other Long-Term Obligations</u>				
Compensated Absences	\$195,073	\$24,204	\$0	\$219,277
Intergovernmental Payable	108,670	110,912	(108,670)	110,912
Fire Pension	26,731	0	(26,731)	0
Police Pension	40,722	0	(40,722)	0
Total Other Long-Term Obligations	<u>371,196</u>	<u>135,116</u>	<u>(176,123)</u>	<u>330,189</u>
Total - General Long-Term Obligations	<u>1,173,516</u>	<u>1,090,116</u>	<u>(792,783)</u>	<u>1,470,849</u>
<u>Mortgage Revenue Bonds</u>				
3.25 - 4.95% 1999				
Wastewater System Mortgage Revenue Refunding				
	0	4,940,000	(130,000)	4,810,000
Accounting Loss	0	12,083	(459,151)	(447,068)
Discount	0	147	(5,576)	(5,429)
Total Wastewater System Revenue Refunding	0	4,952,230	(594,727)	4,357,503
4.25% - 6.55% 1991				
Wastewater System First Mortgage	4,745,000	0	(4,745,000)	0
3.55% - 5.90% 1994				
Waterworks Mortgage Revenue	1,865,000	0	(75,000)	1,790,000
3.00% - 5.70% 1993				
Wastewater System Mortgage Revenue	<u>2,190,000</u>	<u>0</u>	<u>(65,000)</u>	<u>2,125,000</u>
Total Mortgage Revenue Bonds	<u>8,800,000</u>	<u>4,952,230</u>	<u>(5,479,727)</u>	<u>8,272,503</u>
Total - All Types	<u>\$9,973,516</u>	<u>\$6,042,346</u>	<u>(\$6,272,510)</u>	<u>\$9,743,352</u>

**General Obligation Notes**

The City issued general obligation notes to provide funds for the construction of a swimming pool facility and the purchase of real estate. General obligation notes are direct obligations of the City for which its full faith and credit are pledged for repayment. The swimming pool and real estate notes are currently paid from donations provided by the citizens of the City and Bryson Trust.

**General Obligation Bonds**

The City issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities and the refinancing of bond anticipation notes. General obligation bonds are direct obligations of the City for which its full faith and credit are pledged for repayment. Bonds are paid with revenue generated by an agreement with the benefitted parties.

**CITY OF CELINA  
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)**

**NOTE 16 - OUTSTANDING LONG-TERM OBLIGATIONS (Continued)**

**Special Assessment Bonds**

Special assessment bonds are payable from the proceeds of assessments levied against the specific property owners who primarily benefitted from the project. Special assessment monies will be received in and the debt will be retired through the bond retirement debt service fund. In the event that property owners fail to make their special assessment payments, the City is responsible for providing the resources to meet the annual principal and interest payments.

**Other Long-Term Obligations**

The compensated absences liability and intergovernmental payable will be paid from the fund from which the employees' salaries are paid. The City pays installments on the accrued liability incurred when the State of Ohio established the statewide pension system for police and fire personnel in 1967. In 1999, the Police and Firemen's Disability and Pension Fund offered a one-time discounted principal payoff. The City exercised this option and paid \$27,691 and \$18,178, on the police and fire pension liability, respectively, to retire the entire accrued liability.

**Mortgage Revenue Bonds**

The City issued bonds which pledge water and sewer fund income derived from the acquired and constructed assets to pay debt service. The bond indentures have certain restrictive covenants and principally require that bond reserves be maintained and charges for services to customers be sufficient to satisfy the obligations under the indenture agreements. In addition, special provisions exist regarding covenant violations, redemption of principal, and maintenance of properties.

On June 1, 1999, the City issued \$4,940,000 in wastewater system mortgage revenue refunding bonds with an average interest rate of 4.76 percent to advance refund \$4,745,000 of outstanding sewer mortgage revenue bonds with an average interest rate of 6.39 percent. The net proceeds of \$4,351,840 (after payment of \$156,200 in underwriting fees, insurance, and other issuance costs) were used to purchase U. S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the sewer mortgage revenue bonds. As a result, the sewer mortgage revenue bonds are considered to be defeased and the liability for those bonds has been removed in 1999 from the sewer fund. At December 31, 1999, \$4,595,000 of the bonds outstanding are considered defeased by assets of \$4,980,330 held in the irrevocable trust.

Although the advance refunding resulted in the recognition of an accounting loss of \$459,151 for the year ended December 31, 1999, the City in effect decreased its aggregate debt service payments by \$720,692 over the next 18 years and obtained an economic gain (difference between the present values of the old and new debt service payments) of \$277,641.

Fund assets whose use are restricted under the bond indentures to renewal and replacement and debt service requirements are presented as restricted assets on the balance sheet. These assets are further segregated between those held by the City and those held by trustees.

**CITY OF CELINA  
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)**

**NOTE 16 - OUTSTANDING LONG-TERM OBLIGATIONS (Continued)**

**Mortgage Revenue Bonds (Continued)**

Restricted assets relating to each of the mortgage revenue bond issues consisted of the following at December 31, 1999:

Redemption Dates	Restricted Assets			Totals
	Wastewater System Mortgage Revenue Refunding	Waterworks Mortgage Revenue	Wastewater System Mortgage Revenue	
<u>Restricted Assets held by the City for:</u>				
Mortgage Revenue Bond Replacement	\$643,289	\$127,495	\$0	\$770,784
Mortgage Revenue Bond Operations	16,391	119,752	0	136,143
<u>Restricted Assets held by Trustee for:</u>				
Mortgage Revenue Bond Current Debt Service	73,425	35,207	39,697	148,329
Mortgage Revenue Bond Future Debt Service	427,215	180,130	187,725	795,070
<b>Total Restricted Assets</b>	<b>\$1,160,320</b>	<b>\$462,584</b>	<b>\$227,422</b>	<b>\$1,850,326</b>

Each mortgage revenue bond issue contains optional redemption provisions that may be exercised by the City. The bonds may be called either in whole or in part in integral multiples of \$5,000. The date each bond issue may be called and the redemption prices, expressed as percentages of the principal amount redeemable, are set forth below:

Redemption Dates	Redemption Prices (Percent of Par)		
	Wastewater System Mortgage Revenue Refunding	Waterworks Mortgage Revenue	Wastewater System Mortgage Revenue
December 1, 2003 to November 30, 2004			101%
December 1, 2004 and thereafter			100
December 1, 2004 to November 30, 2005		101%	
December 1, 2005 and thereafter		100	
November 1, 2008 through October 31, 2009	101%		
November 1, 2009 and thereafter	100		

The City's overall legal debt margin was \$14,964,166 at December 31, 1999.

**CITY OF CELINA  
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)**

**NOTE 16 - OUTSTANDING LONG-TERM OBLIGATIONS (Continued)**

Principal and interest requirements to retire the long term debt obligations outstanding at December 31, 1999 are as follows:

Year	General Obligation Notes	General Obligation Bonds	Special Assessment Bonds	Total General Obligation	Mortgage Revenue Bonds	Total
2000	\$983,673	\$29,338	\$1,960	\$1,014,971	\$783,545	\$1,798,516
2001	0	28,175	1,170	29,345	779,455	808,800
2002	0	27,013	1,128	28,141	784,108	812,249
2003	0	30,850	1,085	31,935	782,548	814,483
2004	0	29,300	1,043	30,343	779,953	810,296
2005-2009	0	120,538	0	120,538	3,901,315	4,021,853
2010-2014	0	0	0	0	3,915,283	3,915,283
2015-2018	0	0	0	0	1,572,060	1,572,060
	<u>\$983,673</u>	<u>\$265,214</u>	<u>\$6,386</u>	<u>\$1,255,273</u>	<u>\$13,298,267</u>	<u>\$14,553,540</u>

**Conduit Debt**

The City has one outstanding series of Industrial Development and Economic Development Revenue Bonds for facilities used by private corporations in the aggregate amount of \$375,000. The City is not obligated in any way to pay debt charges on the bonds from any of its funds and therefore the debt has been excluded entirely from the City's debt presentation. The outstanding balance at December 31, 1999, is \$36,000.

**NOTE 17 - INTERFUND RECEIVABLES/PAYABLES**

As of December 31, 1999 interfund receivables and payables that resulted from various interfund transactions were as follows:

	Due to/from Other Funds		Interfund Receivable/Payable	
	Receivable	Payable	Receivable	Payable
General Fund	<u>\$0</u>	<u>\$0</u>	<u>\$8,793</u>	<u>\$0</u>
Special Revenue Funds:				
Parks and Recreation	<u>0</u>	<u>135</u>	<u>0</u>	<u>0</u>
Capital Projects Fund:				
Capital Improvement	<u>0</u>	<u>0</u>	<u>0</u>	<u>8,793</u>
Enterprise Funds:				
Electric	11,937	0	0	0
Water	0	4,498	0	0
Sewer	0	7,304	0	0
Total Enterprise Funds	<u>11,937</u>	<u>11,802</u>	<u>0</u>	<u>0</u>
Total	<u>\$11,937</u>	<u>\$11,937</u>	<u>\$8,793</u>	<u>\$8,793</u>

**CITY OF CELINA  
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)**

**NOTE 18 - SEGMENT INFORMATION - ENTERPRISE FUNDS**

The City's enterprise funds account for the provision of electric, water, and sewer services. Key financial information for the year ended December 31, 1999, for each enterprise fund is as follows:

	Electric	Water	Sewer	Total
Operating Revenues	\$8,916,778	\$1,267,991	\$1,483,199	\$11,667,968
Depreciation	572,394	193,214	371,989	1,137,597
Operating Income (Loss)	750,758	(69,882)	365,404	1,046,280
Net Income (Loss)	750,666	(116,068)	67,010	701,608
Fixed Assets				
Additions	703,296	2,683	12,541	718,520
Disposals	0	(2,775)	(750)	(3,525)
Net Working Capital	4,242,074	1,034,114	500,959	5,777,147
Total Assets	14,719,922	4,380,924	10,647,547	29,748,393
Long Term Obligations				
Payable from Operating				
Revenues	39,634	1,741,736	6,232,128	8,013,498
Total Liabilities	1,365,033	1,882,108	6,586,939	9,834,080
Total Equity	13,354,889	2,498,816	4,060,608	19,914,313
Encumbrances Outstanding (Budget Basis) at				
December 31, 1999	1,177,900	38,239	15,233	1,231,372

**NOTE 19 - JOINT VENTURE**

**Grand Lake/Mercer County Development Corporation**

The City of Celina purchased capital stock of the Grand Lake/Mercer County Development Corporation (the Corporation) in 1995. The Corporation was incorporated for the purpose of purchasing land, developing land to entice new industries, and potentially constructing buildings to rent to interested industries. The Corporation is governed by a board of directors elected on an annual basis from the pool of current shareholders. The City does not currently sit on the board of directors.

The Corporation issued additional shares of capital stock in 1998 reducing the City's interest from 20 to 19 percent. The City's net investment and its share of the operating results of the Corporation are reported in the City's electric enterprise fund. The Corporation has not accumulated significant financial resources nor is the Corporation experiencing fiscal stress that may cause an additional financial benefit or burden on the City in the future. Complete financial statements for the Corporation can be obtained from Grand Lake/Mercer County Development Corporation, Jack A. Hartings, Secretary/Treasurer, 112 West Main Street, Coldwater, Ohio 45828, or from the City Auditor's Office.

**NOTE 20 - INSURANCE PURCHASING POOL**

The City is a participant in the Ohio Municipal League City Equity Pooling Workers' Compensation Group Rating Program (the Program), an insurance purchasing pool. The Program's business and affairs are conducted by a twenty-five member Board of trustees consisting of fifteen mayors, two council members, three administrators, three finance officers and three law directors which are voted in by the members for staggered two-year terms. The Executive Director of the Ohio Municipal League serves as coordinator of the Program. Each year, the participating cities pay an enrollment fee to the Program to cover the costs of administering the Program.

**CITY OF CELINA  
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)**

**NOTE 21 - CONTINGENT LIABILITIES**

As of December 31, 1999, the City was a party to various legal proceedings seeking damages or injunctive relief, arising in the course of ordinary business. The ultimate disposition of these proceedings is not presently determinable, but will not, in the opinion of the City Attorney, have a material adverse effect on the continued operation of the City.

The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. Based on prior experience, the City believes such disallowances, if any, will be immaterial.

**NOTE 22 - SUBSEQUENT EVENTS**

On April 2, 2000, the City rolled over the \$500,000 pool construction notes to a \$440,000 note with an interest rate of 4.06 percent and a maturity of one year. Also, the City rolled over the \$450,000 real estate acquisition bond anticipation note to a \$400,000 note with an interest rate of 5.32 percent on June 22, 2000 which has a maturity of one year.

On June 26, 2000, the City issued a \$1,800 special assessment bond for the purpose of sidewalk and curb improvements with an interest rate of 5.25 percent and a maturity of five years.



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY  
GOVERNMENT AUDITING STANDARDS**

City of Celina  
Mercer County  
202 North Main Street  
Celina, Ohio 45822

To the City Council:

We have audited the financial statements of the City of Celina (the City), Mercer County, as of and for the year ended December 31, 1999, and have issued our report thereon dated July 31, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the City in a separate letter dated July 31, 2000.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the City in a separate letter dated July 31, 2000.

This report is intended for the information of the audit committee, management, and City Council, and is not intended to be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized flourish at the end.

**JIM PETRO**  
Auditor of State

July 31, 2000

**CITY OF CELINA  
MERCER COUNTY**

SCHEDULE OF PRIOR AUDIT FINDING  
FOR THE YEAR ENDED DECEMBER 31, 1999

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected ?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No <u>Longer Valid</u> ; <b><i>Explain:</i></b>
1998-202554-001	Materials and Supplies Inventory Procedures	No	Partially Corrected - the recommendation was repeated in the Management Letter





STATE OF OHIO  
OFFICE OF THE AUDITOR

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**CITY OF CELINA**

**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  
SEPTEMBER 14, 2000**