



**CELINA CITY SCHOOL DISTRICT
MERCER COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2001



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**CELINA CITY SCHOOL DISTRICT
MERCER COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Board of Education:

We have audited the accompanying general-purpose financial statements of Celina City School District (the District), Mercer County, as of and for the year ended June 30, 2001, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District'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 auditing standards generally accepted in the United States of America 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe 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 Celina City School District, Mercer County, as of June 30, 2001, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3, during the year ended June 30, 2001, the District adopted Governmental Accounting Statement No. 33 and 36.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 17, 2002 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

We performed our audit to form an opinion on the general-purpose financial statements of the District, taken as a whole. The accompanying schedule of federal awards expenditures is presented for additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general-purpose financial statements. We subjected this information to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

Jim Petro
Auditor of State

January 17, 2002

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**CELINA CITY SCHOOL DISTRICT
MERCER COUNTY**

**COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2001**

	<u>Governmental Fund Types</u>				<u>Proprietary Fund Types</u>	
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Enterprise</u>	<u>Internal Service</u>
Assets and Other Debits:						
Assets:						
Equity in Pooled Cash and Cash Equivalents	\$5,170,946	\$419,715	\$398,015	\$1,148,161	\$373,561	\$608,380
Receivables:						
Property Taxes	7,926,906		1,143,984			
Income Taxes	898,055			123,776		
Payment in Lieu of Taxes				100,000		
Accounts	10,159	187			2,625	
Intergovernmental	1,812	492,091		53,194		2,332
Accrued Interest	11,345			1,329		
Interfund	222,108					
Due from Other Funds	2,806				399	
Prepaid Items	179,484	13,422		185	8,573	
Inventory Held for Resale					189,769	
Materials and Supplies Inventory					6,447	
Restricted Assets:						
Equity in Pooled Cash and Cash Equivalents	471					
Cash and Cash Equivalents with Escrow Agent				63,421		
Fixed Assets (Net, where applicable, of Accumulated Depreciation)					328,735	
Other Debits:						
Amount Available in Debt Service Fund for Retirement of General Obligation Bonds Amount to be Provided from General Governmental Resources						
Total Assets and Other Debits	<u>14,424,092</u>	<u>925,415</u>	<u>1,541,999</u>	<u>1,490,066</u>	<u>910,109</u>	<u>610,712</u>
Liabilities, Fund Equity, and Other Credits:						
Liabilities:						
Accounts Payable	228,088	17,400		11,001	20,793	
Contracts Payable				77,653		
Accrued Wages and Benefits	1,835,935	178,133			54,905	
Compensated Absences Payable	13,906	602			773	1,642,036
Retainage Payable				5,050		
Intergovernmental Payable	377,689	32,099		4,071	58,140	51,058
Interfund Payable		175,908		41,500		
Due to Other Funds	1,206	9,691				
Deferred Revenue	8,090,214	361,210	1,143,984	71,694	23,913	
Due to Students						
Payroll Withholdings						
Liabilities Payable from Restricted Assets:						
Retainage Payable				63,421		
Energy Conservation Notes Payable						
Asbestos Removal Loan Payable						
General Obligation Bonds Payable						
Total Liabilities	<u>10,547,038</u>	<u>775,043</u>	<u>1,143,984</u>	<u>274,390</u>	<u>158,524</u>	<u>1,693,094</u>
Fund Equity and Other Credits:						
Investment in General Fixed Assets						
Retained Earnings (Deficit)					493,030	(1,082,382)
Contributed Capital					258,555	
Fund Balance:						
Reserved for Encumbrances	356,024	124,824		322,122		
Reserved for Bus Purchases	471					
Designated for Textbooks	384,107			135,612		
Designated for Capital Improvements	385,790					
Unreserved, Undesignated (Deficit)	2,750,662	25,548	398,015	757,942		
Total Fund Equity (Deficit) and Other Credits	<u>3,877,054</u>	<u>150,372</u>	<u>398,015</u>	<u>1,215,676</u>	<u>751,585</u>	<u>(1,082,382)</u>
Total Liabilities, Fund Equity, and Other Credits	<u>\$14,424,092</u>	<u>\$925,415</u>	<u>\$1,541,999</u>	<u>\$1,490,066</u>	<u>\$910,109</u>	<u>\$610,712</u>

See Accompanying Notes to the General Purpose Financial Statements

Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
	General Fixed Assets	General Long-Term Obligations	
\$605,155			\$8,723,933
			9,070,890
			1,021,831
			100,000
997			13,968
3			549,432
			12,674
			222,108
7,692			10,897
2,255			203,919
			189,769
			6,447
			471
			63,421
	36,194,754		36,523,489
		398,015	398,015
		16,857,782	16,857,782
<u>616,102</u>	<u>36,194,754</u>	<u>17,255,797</u>	<u>73,969,046</u>
11,199			288,481
			77,653
6,045			2,075,018
7,965		74,639	1,739,921
			5,050
255,612		158,925	937,594
4,700			222,108
			10,897
			9,691,015
83,575			83,575
105,941			105,941
			63,421
		550,000	550,000
		329,216	329,216
		16,143,017	16,143,017
<u>475,037</u>	<u> </u>	<u>17,255,797</u>	<u>32,322,907</u>
	36,194,754		36,194,754
			(589,352)
			258,555
			802,970
			471
			519,719
			385,790
141,065			4,073,232
<u>141,065</u>	<u>36,194,754</u>	<u> </u>	<u>41,646,139</u>
<u>\$616,102</u>	<u>\$36,194,754</u>	<u>\$17,255,797</u>	<u>\$73,969,046</u>

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**CELINA CITY SCHOOL DISTRICT
MERCER COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	<u>Governmental Fund Types</u>			<u>Fiduciary</u>	<u>Totals</u> (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Revenues:					
Property Taxes	\$7,710,545		\$1,282,058		\$8,992,603
Income Taxes	2,085,536		57,800	534,906	2,678,242
Payment in Lieu of Taxes				1,072,269	1,072,269
Intergovernmental	10,416,068	2,151,334	143,024	311,388	13,021,814
Interest	430,438	3,019	31,927	74,546	546,306
Tuition and Fees	827,825				827,825
Extracurricular Activities		415,934			415,934
Gifts and Donations	100	5,516		60,000	87,232
Miscellaneous	229,877	249,096		102,200	585,445
Total Revenues	<u>21,700,389</u>	<u>2,824,899</u>	<u>1,514,809</u>	<u>2,155,309</u>	<u>28,227,670</u>
Expenditures:					
Current:					
Instruction:					
Regular	9,796,128	635,554		26,403	10,458,085
Special	1,697,083	601,501			2,298,584
Vocational	1,105,395	56,459		412	1,162,266
Adult/Continuing		54,494			54,494
Other	155,844	43,255			199,099
Support Services:					
Pupils	1,242,105	386,533			1,628,638
Instructional Staff	576,500	259,419		4,600	840,519
Board of Education	80,594				80,594
Administration	1,500,299	240,784		670	1,741,753
Fiscal	487,509	2,000	30,189	6,674	526,372
Business	105,082	8,110			113,192
Operation and Maintenance of Plant	2,110,314	25,031		104,800	2,240,145
Pupil Transportation	847,035	267,323			1,114,358
Central	655	24,543			25,198
Non-Instructional Services		190,592			214,078
Extracurricular Activities	435,227	177,125			612,352
Capital Outlay	22,525			2,472,907	2,495,432
Intergovernmental		29,863			29,863
Debt Service:					
Principal Retirement			593,896		593,896
Interest and Fiscal Charges			855,807	1,103	856,910
Total Expenditures	<u>20,162,295</u>	<u>3,002,586</u>	<u>1,479,892</u>	<u>2,617,569</u>	<u>27,285,828</u>
Excess of Revenues Over (Under) Expenditures	<u>1,538,094</u>	<u>(177,687)</u>	<u>34,917</u>	<u>(462,260)</u>	<u>8,778</u>
Other Financing Sources (Uses):					
Proceeds from Sale of Fixed Assets	150				150
Operating Transfers In		89,237		127,000	216,237
Operating Transfers Out	(216,237)				(216,237)
Total Other Financing Sources (Uses)	<u>(216,087)</u>	<u>89,237</u>		<u>127,000</u>	<u>150</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>1,322,007</u>	<u>(88,450)</u>	<u>34,917</u>	<u>(335,260)</u>	<u>8,778</u>
Fund Balances at Beginning of Year - Restated (Note 4)	<u>2,555,047</u>	<u>238,822</u>	<u>363,098</u>	<u>1,550,936</u>	<u>4,840,190</u>
Fund Balances at End of Year	<u><u>\$3,877,054</u></u>	<u><u>\$150,372</u></u>	<u><u>\$398,015</u></u>	<u><u>\$1,215,676</u></u>	<u><u>\$5,782,182</u></u>

See Accompanying Notes to the General Purpose Financial Statements

CELINA CITY SCHOOL DISTRICT
MERCER COUNTY

**COMBINED STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	General Fund			Special Revenue Funds		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Property Taxes	\$7,616,500	\$7,710,545	\$94,045			
Income Taxes	2,043,800	2,045,394	1,594			
Payment in Lieu of Taxes						
Intergovernmental	10,431,037	10,416,718	(14,319)	2,141,914	2,141,334	(580)
Interest	415,588	428,549	12,961	3,770	3,019	(751)
Tuition and Fees	798,646	827,639	28,993			
Extracurricular Activities				418,750	416,616	(2,134)
Gifts and Donations	500	100	(400)	5,850	5,516	(334)
Miscellaneous	144,401	146,885	2,484	225,500	223,729	(1,771)
Total Revenues	21,450,472	21,575,830	125,358	2,795,784	2,790,214	(5,570)
Expenditures:						
Current:						
Instruction:						
Regular	10,739,306	10,249,223	490,083	674,100	638,591	35,509
Special	1,795,706	1,713,862	81,844	626,120	599,924	26,196
Vocational	1,342,804	1,125,348	217,456	77,730	76,912	818
Adult/Continuing				63,179	63,179	
Other	290,100	206,292	83,808	48,083	45,593	2,490
Support Services:						
Pupils	1,399,314	1,266,307	133,007	414,954	400,065	14,889
Instructional Staff	747,783	598,587	149,196	290,861	272,512	18,349
Board of Education	106,460	80,046	26,414			
Administration	1,724,821	1,545,362	179,459	253,126	247,658	5,468
Fiscal	556,630	505,571	51,059	4,500	2,000	2,500
Business	121,084	105,975	15,109	14,145	9,440	4,705
Operation and Maintenance of Plant	2,848,957	2,625,747	223,210	36,390	28,765	7,625
Pupil Transportation	946,504	897,470	49,034	278,084	263,267	14,817
Central	7,000	1,055	5,945	32,471	24,674	7,797
Non-Instructional Services						
Extracurricular Activities	440,644	421,260	19,384	230,951	215,758	15,193
Capital Outlay	27,000	23,407	3,593			
Intergovernmental						
				30,660	29,863	797
Debt Service:						
Principal Retirement						
Interest and Fiscal Charges						
Total Expenditures	23,094,113	21,365,512	1,728,601	3,330,397	3,146,372	184,025
Excess of Revenues Over (Under) Expenditures	(1,643,641)	210,318	1,853,959	(534,613)	(356,158)	178,455
Other Financing Sources (Uses):						
Proceeds from Sale of Fixed Assets	500	150	(350)			
Refund of Prior Year Expenditures	87,500	106,464	18,964	1,250	681	(569)
Refund of Prior Year Receipts				(5,138)	(5,138)	
Other Financing Sources				25,500	23,703	(1,797)
Advances In	356,486	356,107	(379)	178,379	175,908	(2,471)
Advances Out	(545,300)	(217,409)	327,891	(356,106)	(356,106)	
Operating Transfers In	942		(942)	89,237	89,237	
Operating Transfers Out	(238,000)	(216,237)	21,763			
Total Other Financing Sources (Uses)	(337,872)	29,075	366,947	(66,878)	(71,715)	(4,837)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,981,513)	239,393	2,220,906	(601,491)	(427,873)	173,618
Fund Balances at Beginning of Year	2,455,018	2,455,018		539,738	539,738	
Prior Year Encumbrances Appropriated	1,143,634	1,143,634		150,143	150,143	
Fund Balances at End of Year	\$1,617,139	\$3,838,045	\$2,220,906	\$88,390	\$262,008	\$173,618

See Accompanying Notes to the General Purpose Financial Statements

Debt Service Fund			Capital Projects Funds			Expendable Trust		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$1,288,587	\$1,282,058	(\$6,529)						
110,464	110,464		590,500	590,001	(499)			
			1,072,800	1,072,269	(531)			
144,000	143,024	(976)	279,900	279,888	(12)			
35,800	33,005	(2,795)	74,500	74,072	(428)	7,350	6,761	(589)
			70,000	60,000	(10,000)	22,150	21,616	(534)
						5,000	4,272	(728)
<u>1,578,851</u>	<u>1,568,551</u>	<u>(10,300)</u>	<u>2,087,700</u>	<u>2,076,230</u>	<u>(11,470)</u>	<u>34,500</u>	<u>32,649</u>	<u>(1,851)</u>
			290,008	274,207	15,801			
			14,742	14,730	12			
			3,423	3,423				
			5,200	4,600	600			
			1,634	1,303	331			
40,000	30,189	9,811	22,000	8,511	13,489			
			291,885	208,452	83,433			
			68,000	60,709	7,291			
						59,932	50,806	9,126
			3,013,254	2,852,347	160,907			
643,900	643,896	4						
858,664	858,471	193						
<u>1,542,564</u>	<u>1,532,556</u>	<u>10,008</u>	<u>3,710,146</u>	<u>3,428,282</u>	<u>281,864</u>	<u>59,932</u>	<u>50,806</u>	<u>9,126</u>
<u>36,287</u>	<u>35,995</u>	<u>(292)</u>	<u>(1,622,446)</u>	<u>(1,352,052)</u>	<u>270,394</u>	<u>(25,432)</u>	<u>(18,157)</u>	<u>7,275</u>
			102,200	102,200				
			41,500	41,500				
			127,000	127,000				
			<u>270,700</u>	<u>270,700</u>				
36,287	35,995	(292)	(1,351,746)	(1,081,352)	270,394	(25,432)	(18,157)	7,275
362,020	362,020		431,408	431,408		103,482	103,482	
			1,026,600	1,026,600		28,420	28,420	
<u>\$398,307</u>	<u>\$398,015</u>	<u>(\$292)</u>	<u>\$106,262</u>	<u>\$376,656</u>	<u>\$270,394</u>	<u>\$106,470</u>	<u>\$113,745</u>	<u>\$7,275</u>

**CELINA CITY SCHOOL DISTRICT
MERCER COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND EQUITY
ALL PROPRIETARY FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	Enterprise	Internal Service	Totals (Memorandum Only)
<u>Operating Revenues:</u>			
Tuition	\$57,337		\$57,337
Sales	911,261		911,261
Charges for Services	31,292	265,874	297,166
Other Operating Revenues	12,326	54,952	67,278
Total Operating Revenues	<u>1,012,216</u>	<u>320,826</u>	<u>1,333,042</u>
<u>Operating Expenses:</u>			
Salaries	404,811	179,959	584,770
Fringe Benefits	206,400	135,653	342,053
Purchased Services	84,492		84,492
Materials and Supplies	52,861		52,861
Cost of Sales	579,262		579,262
Depreciation	22,345		22,345
Other Operating Expenses	1,743	3,719	5,462
Total Operating Expenses	<u>1,351,914</u>	<u>319,331</u>	<u>1,671,245</u>
Operating Income / (Loss)	<u>(339,698)</u>	<u>1,495</u>	<u>(338,203)</u>
<u>Non-Operating Revenues:</u>			
Federal Donated Commodities	123,386		123,386
Operating Grants	280,362		280,362
Interest	4,404	32,559	36,963
Total Non-Operating Revenues	<u>408,152</u>	<u>32,559</u>	<u>440,711</u>
Net Income	68,454	34,054	102,508
Depreciation on Fixed Assets Acquired by Contributed Capital	2,593		2,593
Retained Earning (Deficit) at Beginning of Year	421,983	(1,116,436)	(694,453)
Retained Earnings (Deficit) at End of Year	<u>493,030</u>	<u>(1,082,382)</u>	<u>(589,352)</u>
Contributed Capital at Beginning of Year	261,148		261,148
Depreciation on Fixed Assets Acquired by Contributed Capital	(2,593)		(2,593)
Contributed Capital at End of Year	<u>258,555</u>	<u></u>	<u>258,555</u>
Fund Equity (Deficit) at End of Year	<u>\$751,585</u>	<u>(\$1,082,382)</u>	<u>(\$330,797)</u>

See Accompanying Notes to the General Purpose Financial Statements

CELINA CITY SCHOOL DISTRICT
MERCER COUNTY

**COMBINED STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL
ALL PROPRIETARY FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	<u>Enterprise Funds</u>			<u>Internal Service Funds</u>		
	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues:</u>						
Tuition	\$54,800	\$57,337	\$2,537			
Sales	937,250	911,768	(25,482)			
Charges for Services	33,000	32,883	(117)	253,000	265,874	12,874
Operating Grants	318,650	316,953	(1,697)			
Interest	4,500	4,404	(96)	35,000	35,598	598
Other Revenues	13,300	9,874	(3,426)	52,500	52,620	120
Total Revenues	1,361,500	1,333,219	(28,281)	340,500	354,092	13,592
<u>Expenses:</u>						
Salaries	446,000	412,676	33,324	122,000	104,344	17,656
Fringe Benefits	228,777	205,454	23,323	268,000	223,721	44,279
Purchased Services	142,440	104,501	37,939			
Materials and Supplies	430,699	368,385	62,314			
Capital Outlay	212,861	155,885	56,976			
Other Expenses	4,450	2,630	1,820	5,000	4,592	408
Total Expenses	1,465,227	1,249,531	215,696	395,000	332,657	62,343
Excess of Revenues Over (Under) Expenses	(103,727)	83,688	187,415	(54,500)	21,435	75,935
Fund Balances at Beginning of Year	188,480	188,480		455,353	455,353	
Prior Year Encumbrances Appropriated	70,725	70,725		45,000	45,000	
Fund Balances at End of Year	\$155,478	\$342,893	\$187,415	\$445,853	\$521,788	\$75,935

See Accompanying Notes to the General Purpose Financial Statements

CELINA CITY SCHOOL DISTRICT
MERCER COUNTY

COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

	Enterprise	Internal Service	Totals (Memorandum Only)
<u>Increase (Decrease) in Cash and Cash Equivalents</u>			
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Tuition	\$57,337		\$57,337
Cash Received from Customers	944,651		944,651
Cash Received from Quasi-External Transactions		265,874	265,874
Cash Received from Other Revenues	9,874	52,620	62,494
Cash Payments for Salaries	(412,676)	(104,344)	(517,020)
Cash Payments for Fringe Benefits	(203,197)	(141,721)	(344,918)
Cash Payments for Goods and Services	(583,999)		(583,999)
Cash Payments for Other Expenses	(2,330)		(2,330)
Net Cash Provided by (Used for) Operating Activities	(190,340)	72,429	(117,911)
<u>Cash Flows from Noncapital Financing Activities:</u>			
Cash Received from Operating Grants	316,953		316,953
<u>Cash Flows from Capital Financing Activities:</u>			
Cash Payments for Fixed Assets	(16,661)		(16,661)
<u>Cash Flows from Investing Activities:</u>			
Cash Received from Interest	4,404	35,598	40,002
Cash Received from Maturity of Investment	50,000	50,000	50,000
Net Cash Provided by Investing Activities	4,404	85,598	90,002
Net Increase in Cash and Cash Equivalents	114,356	158,027	272,383
Cash and Cash Equivalents at Beginning of Year	259,205	450,353	709,558
Cash and Cash Equivalents at End of Year	373,561	608,380	981,941
<u>Reconciliation of Operating Loss to</u>			
<u>Net Cash Provided by (Used for) Operating Activities:</u>			
Operating Loss	(339,698)	1,495	(338,203)
<u>Adjustments to Reconcile Operating Loss to</u>			
<u>Net Cash Provided by (Used for) Operating Activities:</u>			
Depreciation	22,345		22,345
Donated Commodities Used During Year	123,386		123,386
Changes in Assets and Liabilities:			
Increase in Accounts Receivable	(2,542)		(2,542)
Increase in Intergovernmental Receivable		(2,332)	(2,332)
Decrease in Due from Other Funds	1,789		1,789
(Increase) Decrease in Prepaid Items	(719)	3,719	3,000
Increase in Inventory Held for Resale	(6,821)		(6,821)
Decrease in Materials and Supplies Inventory	198		198
Increase in Accounts Payable	17,492		17,492
Decrease in Accrued Wages and Benefits	(7,407)		(7,407)
Increase (Decrease) in Compensated Absences Payable	(432)	75,615	75,183
Increase in Intergovernmental Payable	2,762	6,056	8,818
Decrease in Early Retirement Incentive Payable		(12,124)	(12,124)
Decrease in Due to Other Funds	(693)		(693)
Net Cash Provided by (Used for) Operating Activities	(\$190,340)	\$72,429	(\$117,911)

See Accompanying Notes to the General Purpose Financial Statements

**CELINA CITY SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

The School District is located in Mercer County, and includes all of the City of Celina and portions of Butler, Center, Franklin, Hopewell, Jefferson, Liberty, and Washington Townships. The School District is staffed by one hundred fifty-seven classified employees, two hundred twenty-eight certified teaching personnel, and twenty-three administrative employees who provide services to 3,226 students and other community members. The School District currently operates six instructional buildings and a bus garage.

A. Reporting Entity

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

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

The School District participates in five jointly government organizations and two insurance pools. These organizations are the Mercer County Local Professional Development Committee, the West Central Ohio Special Education Regional Resource Center, the West Central Ohio Regional Professional Development Center, Northwestern Ohio Educational Research Council, Inc., the Northwest Ohio Area Computer Services Cooperative, the Ohio School Boards Association Workers' Compensation Group Rating Program, and the Mercer-Auglaize Schools Employee Benefit Trust. These organizations are presented in Notes 23 and 24 to the general purpose financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Celina City School District 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 School District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its proprietary activities provided they do not conflict with or contradict GASB pronouncements. Following are the more significant of the School District's accounting policies.

**CELINA CITY SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis of Presentation - Fund Accounting

The School District 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 School District 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 restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities not recorded in the funds because they do not directly affect net available expendable resources.

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

1. Governmental Fund Types:

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

General Fund

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

Special Revenue Funds

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

Debt Service Fund

The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term obligation principal, interest, and related costs.

Capital Projects Funds

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds or trust funds).

**CELINA CITY SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Proprietary Fund Types:

Proprietary funds are used to account for the School District's ongoing activities which are similar to those found in the private sector. The following are the School District's proprietary fund types:

Enterprise Funds

Enterprise funds are used to account for School District activities that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or 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

Internal service funds are used to account for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis.

3. Fiduciary Fund Types:

Fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The School District's fiduciary funds include expendable trust and agency funds. Expendable trust funds are accounted for in essentially the same manner as governmental funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

4. 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

This account group is established to account for all fixed assets of the School District, except those accounted for in the proprietary or trust funds.

General Long-Term Obligations Account Group

This account group is established to account for all long-term obligations of the School District, except those accounted for in the proprietary or trust 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 fund types and expendable trust funds are accounted for using a flow of 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.

**CELINA CITY SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

All proprietary fund types are accounted for using 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. Operating statements of these funds 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 followed for the governmental fund types, expendable trust and agency funds. The full accrual basis of accounting is followed for the proprietary fund types.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days of fiscal year end.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from income taxes is recognized in the period in which the income is earned. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered both measurable and available at fiscal year end: property taxes available as an advance, income taxes, payment in lieu of taxes, grants, interest, tuition, student fees, and donations.

Deferred revenues arise when assets are recognized before revenue recognition criteria has been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2001, but which were levied to finance fiscal year 2002 operations, are recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue. On the modified accrual basis, revenues that are not collected within the available period are recorded as deferred revenue.

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported on the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

**CELINA CITY SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 cost, such as depreciation and amortization, are not recognized in governmental funds.

C. Budgetary Process

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 resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the object level within each function and fund. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

1. Tax Budget

Prior to January 15, the Superintendent and Treasurer submit, to the Board of Education, a proposed operating budget for the fiscal year commencing the following July 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 January 20, the Board-adopted budget is filed with the Mercer County Budget Commission for rate determination.

2. Estimated Resources

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates, as determined by the County Budget Commission, and receives the commission's certificate of estimated resources, which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered cash balances from the preceding fiscal year. The certificate of estimated resources may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate of estimated resources issued during fiscal year 2001.

**CELINA CITY SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Appropriations

Upon receipt from the County Auditor of an amended certificate of estimated resources, based on final assessed values and tax rates, or a certificate saying no new certificate is necessary, the annual appropriation resolution is legally enacted by the Board of Education at the fund, function, and object level of expenditures, which are the legal levels of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission, and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control.

The Board may pass supplemental fund appropriations as long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the fiscal year, several supplemental appropriation resolutions were legally enacted.

The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts passed during the fiscal year. Formal budgetary integration is employed as a management control device during the year for all funds, except agency funds, consistent with statutory provisions.

4. Encumbrances

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

5. Lapsing of Appropriations

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

D. Cash and Investments

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

The School District maintains separate accounts for the accumulated retainage on contracts for construction and renovation of the School District's buildings. The amount held within these accounts is reflected on the combined balance sheet as "Cash and Cash Equivalents with Escrow Agent".

During fiscal year 2001, investments were limited to non-negotiable certificates of deposit, which are reported at cost.

**CELINA CITY SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The School District allocates interest according to State statutes and Board resolution. Interest revenue credited to the general fund during fiscal year 2001 was \$430,438, which included approximately \$100,000 assigned from other School District funds.

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 School District are considered to be cash equivalents. Investments with an initial maturity of more than three months, and not purchased from the pool, are reported as investments.

E. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2001, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed.

F. Inventory

Inventory in the proprietary fund types is stated at the lower of cost or market. Cost is determined on a first-in, first-out basis. Inventory consists of donated and purchased food and is expensed when used.

G. Restricted Assets

Restricted assets in the General Fund represent cash and cash equivalents whose use is limited by legal requirements for the purchase of school buses.

Restricted assets in the capital projects funds represent cash and cash equivalents held by the School District as retainage on ongoing contracts.

H. Fixed Assets and Depreciation

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the related fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated fixed assets are recorded at their fair market value as of the date received. The School District maintains a capitalization threshold of five hundred dollars. The School District does not have any infrastructure.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Improvements are capitalized. Improvements to proprietary fund fixed assets are depreciated over the remaining useful lives of the related fixed assets.

Assets in the general fixed assets account group are not depreciated. Depreciation of buildings and improvements, furniture and equipment, and vehicles in the proprietary funds is computed using the straight-line method over an estimated useful life of five to twenty years.

**CELINA CITY SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Interfund Assets/Liabilities

Short-term interfund loans are classified as "Interfund Receivables/Payables". Receivables and payables resulting from transactions between funds for services provided or goods received are classified as "Due from/to Other Funds" on the combined balance sheet.

J. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

For governmental funds, the current portion of unpaid vacation leave is the amount expected to be paid using available expendable 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 vacation leave is reported as a fund liability.

The School District has created an internal service fund to account for the payment of all sick leave upon termination. The fund charged 2 percent of gross payroll from July 1, 2000, through June 30, 2001. Sick leave benefits are accrued as a liability in the internal service fund using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy. The School District records a liability for accumulated unused sick leave for any employee with ten years of service with the School District and age fifty-five, or any employee with twenty or more years of service.

K. Accrued Liabilities and Long-Term Obligations

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 liabilities in the general long-term obligations account group to the extent that they will not be paid with current available expendable resources. Payments made more than sixty days after fiscal year end are considered not to have used current available expendable resources. Long-term notes, loans, and bonds are reported as liabilities in the general long-term obligations account group until due.

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

Under Ohio law, a debt service fund may be created and used for the payment of tax anticipation notes. Generally accepted accounting principles require reporting the liability in the fund that received the proceeds. To comply with GAAP reporting requirements, the activity of the School District's debt service fund has been split among the appropriate funds. Debt service fund resources used to pay both principal and interest have also been allocated accordingly.

**CELINA CITY SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Contributed Capital

Contributed capital represents resources from other funds, other governments, and private sources provided to the proprietary funds that is not subject to repayment. These assets are recorded at their fair market value on the date donated. Depreciation on those assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings at fiscal year end.

M. Fund Balance Reserves and Designations

The School District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances and bus purchases.

The designation for textbooks and capital improvements represents revenues set aside that exceed statutorily required amounts.

N. Interfund Transactions

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

Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

O. Use of Estimates

The preparation of the 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.

P. Total Columns on General Purpose Financial Statements

Total columns on 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 or results of operations 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.

**CELINA CITY SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

3. CHANGE IN ACCOUNTING PRINCIPLES

For fiscal year 2001, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions" and Statement No. 36, "Recipient Reporting for Certain Shared Nonexchange Revenues". These statements establish accounting and financial reporting standards for nonexchange transactions involving financial or capital resources. The timing for the recognition of assets, liabilities, and expenditures/expenses resulting from nonexchange transactions will be the same whether the accrual or the modified accrual basis of accounting is required. However, for revenue recognition to occur on the modified accrual basis, the criteria established for accrual basis revenue recognition must be met and the revenues must be available.

4. RESTATEMENT OF FUND EQUITY

The restatement for GASB Statements No. 33 and No. 36 had the following effect on fund balance as it was previously reported as of June 30, 2000.

	Special Revenue
Fund Balance as Previously Reported	\$118,822
Intergovernmental Receivable	120,000
Restated Fund Balance at June 30, 2000	\$238,822

The restatement had the following effect on the excess of revenues and other financing sources under expenditures as previously reported for the fiscal year ended June 30, 2000.

	Special Revenue
Excess as Previously Reported	(\$101,491)
Intergovernmental Receivable	120,000
Restated Amount for the Fiscal Year Ended June 30, 2000	\$18,509

5. ACCOUNTABILITY AND COMPLIANCE

A. Accountability

At June 30, 2001, the career development, summer school intervention, tech prep, and Title I special revenue funds had deficit fund balances of \$7,250, \$90,121, \$6,394, and \$33,185, respectively. The general fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

At June 30, 2001, the severance internal service fund had deficit retained earnings of \$1,082,382. The deficit is the result of accumulated operating losses. The fund accumulates revenues for the payment of termination benefits based on an estimate of the current and future payouts. Annually, the School District evaluates the rate charged to other funds to determine if additional funding is needed to eliminate the deficit.

**CELINA CITY SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

5. ACCOUNTABILITY AND COMPLIANCE (Continued)

B. Compliance

The Staff special revenue fund's regular instruction/purchased services account had expenditures in excess of appropriations, in the amount of \$39,366.

6. BUDGETARY BASIS OF ACCOUNTING

While the School District is reporting financial position, results of operations, and changes in fund balances/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. The Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual - All Governmental Fund Types and Expendable Trust Funds and the Combined Statement of Revenues, Expenses, and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual - 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 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. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and expendable trust funds and as note disclosure in proprietary fund types (GAAP basis).
4. For proprietary funds, the acquisition and construction of fixed assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
5. Proceeds from and principal payments on tax anticipation notes are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
6. The School District repays tax anticipation notes from the debt service fund (budget basis) as opposed to the fund that received the proceeds (GAAP basis). Debt service fund resources used to pay both principal and interest have been allocated accordingly.

The following tables summarize the adjustments necessary to reconcile the GAAP and budgetary basis statements by fund type.

**CELINA CITY SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

6. BUDGETARY BASIS OF ACCOUNTING (Continued)

Excess of Revenues and Other Financing Sources
Over (Under) Expenditures and Other Financing Uses
All Governmental Fund Types and Expendable Trust Funds

	Governmental Fund Types				Expendable Trust
	General	Special Revenue	Debt Service	Capital Projects	
GAAP Basis	\$1,322,007	(\$88,450)	\$34,917	(\$335,260)	\$8,778
Adjustments:					
Revenue Accruals	(18,095)	(10,301)	1,078	75,785	385
Expenditure Accruals	145,642	11,765	0	(41,687)	0
Prepaid Items	(15,487)	(2,982)	0	(185)	0
Notes Payable	0	0	(50,000)	0	0
Note Interest	0	0	(2,664)	2,664	0
Advances In	356,107	175,908	0	41,500	0
Advances Out	(217,409)	(356,106)	0	0	0
Transfer of Debt Activity	0	0	52,664	(52,664)	0
Encumbrances Outstanding at Year End (Budget Basis)	(1,333,372)	(157,707)	0	(771,505)	(27,320)
Budget Basis	\$239,393	(\$427,873)	\$35,995	(\$1,081,352)	(\$18,157)

Net Income (Loss)/Excess of Revenues Over Expenses
All Proprietary Fund Types

	Internal Service	
	Enterprise	Service
GAAP Basis	\$68,454	\$34,054
Adjustments:		
Revenue Accruals	36,237	1,162
Expense Accruals	11,323	69,547
Net Increase in Fair Value	0	(455)
Prepaid Items	(719)	3,719
Inventory Held for Resale	(6,821)	0
Materials and Supplies Inventory	198	0
Acquisition of Fixed Assets	(16,661)	0
Depreciation	22,345	0
Encumbrances Outstanding at Year End (Budget Basis)	(30,668)	(86,592)
Budget Basis	\$83,688	\$21,435

**CELINA CITY SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

7. DEPOSITS AND INVESTMENTS

State statutes classify monies held by the School District 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 School District treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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

Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), 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 monies deposited with the institution.

Interim monies may be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and 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) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAROhio);

**CELINA CITY SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

7. DEPOSITS AND INVESTMENTS (Continued)

7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 25 percent of the interim monies available for investment at any one time; and
8. Under limited circumstances, corporate debt interests rated in either of the two highest rated classifications by at least two nationally recognized rating agencies.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or qualified trustee, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

At fiscal year end, the School District had \$635 in undeposited cash on hand which is included on the combined balance sheet of the School District as part of "Equity in Pooled Cash and Cash Equivalents".

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits With Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements".

At fiscal year end, the carrying amount of the School District's deposits was \$8,787,190 and the bank balance was \$9,589,070. Of the bank balance \$363,421 was covered by federal depository insurance. The remaining amount was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

8. PROPERTY TAXES

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

Property taxes include amounts levied against all real property, public utility property, and tangible personal (used in business) property located in the School District. Real and public utility property tax revenues received in calendar year 2001 represent the collection of calendar year 2000 taxes. Real property taxes received in calendar year 2001 are levied after April 1, 2000, on the assessed values as of January 1, 2000, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility real and tangible personal property taxes received in calendar year 2001 were levied after April 1, 2000, on the assessed values as of December 31, 1999, the lien date. Public utility real

**CELINA CITY SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

8. PROPERTY TAXES (Continued)

property is assessed at 35 percent of true value; tangible personal property is currently assessed at varying percentages of true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

Tangible personal property tax revenues received in calendar year 2001 (other than public utility property) represent the collection of calendar year 2001 taxes. Tangible personal property taxes received in calendar year 2001 were levied after April 1, 2000, on the value as of December 31, 2000. Tangible personal property is currently assessed at 25 percent of true value. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The School District receives property taxes from Mercer County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2001, are available to finance fiscal year 2001 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, public utility property, and tangible personal property taxes which were measurable as of June 30, 2001, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations and is recognized as revenue at fiscal year end. The receivable is offset by a credit to deferred revenue for that portion not intended to finance current year operations. There were no amounts available as an advance at June 30, 2001, or June 30, 2000.

The assessed values upon which the fiscal year 2001 taxes were collected are:

	2000 Second Half Collections		2001 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$266,560,550	86.10%	\$272,641,660	86.35%
Public Utility	12,588,220	4.07	12,232,170	3.88
Tangible Personal	30,425,184	9.83	30,857,656	9.77
Total Assessed Value	<u>\$309,573,954</u>	<u>100.00%</u>	<u>\$315,731,486</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$35.23		\$34.90	

9. INCOME TAXES

The School District levies a voted tax of 0.75 percent for general operations and 0.25 percent for permanent improvements on the income of residents and of estates. The .75 percent portion of the tax was effective January 1, 1998, and the .25 percent portion of the tax was effective on January 1, 1996. Both tax levies are for five years. The 0.25 percent for permanent improvements expired on December 31, 2000, and was not renewed. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the general fund and the permanent improvement capital projects fund.

**CELINA CITY SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

10. PAYMENT IN LIEU OF TAXES

As provided by State law, the School District has entered into agreements with a number of property owners under which the School District has granted property tax abatements to those property owners. The property owners have agreed to make payments to the School District which reflect all or a portion of the property taxes which the property owners would have paid if their taxes had not been abated. The property owners' contractual promises to make these payments in lieu of taxes generally continue until the agreement expires. Payments in lieu of taxes for fiscal year 2001 were \$1,072,269.

11. RECEIVABLES

Receivables at June 30, 2001, consisted of both property and income taxes, payments in lieu of taxes, accounts (rent, billings for user charged services, and student fees), intergovernmental, accrued interest, interfund, and charges to other funds for services provided to them. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

A summary of the principal items of intergovernmental receivables follows:

	Amounts
General Fund	
Erate	\$680
Reimbursements	1,006
Fees	126
Total General Fund	1,812
Special Revenue Funds	
Career Development	7,627
Post Secondary Vocational Education	8,153
Management Information Systems	881
Eisenhower	1,261
Vocational Education	17,828
Headstart	435,379
Title I	3,500
Title VI	14,648
Drug Free	2,814
Total Special Revenue Funds	492,091
	continued

**CELINA CITY SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

11. RECEIVABLES

	Amounts
Capital Projects Funds	
Vocational Equipment	\$11,694
Interactive Video Distance Learning	31,500
Disability Access	10,000
Total Capital Projects Funds	53,194
 Internal Service Fund	
Workers' Compensation	2,332
 Agency Fund	
Student Activities	3
 Total Intergovernmental Receivables	\$549,432

12. FIXED ASSETS

A summary of the enterprise funds' fixed assets at June 30, 2001, follows:

Buildings and Improvements	\$9,189
Furniture and Equipment	558,050
Vehicles	2,025
Total Fixed Assets	569,264
Less Accumulated Depreciation	(240,529)
Net Fixed Assets	\$328,735

A summary of the changes in general fixed assets during fiscal year 2001 follows:

Asset Category	Balance at June 30, 2000	Additions	Reductions	Balance at June 30, 2001
Land and Improvements	\$682,698	\$128,011	\$0	\$810,709
Buildings and Improvements	26,002,763	1,839,374	777	27,841,360
Furniture, Fixtures, and Equipment	4,998,337	554,970	217,735	5,335,572
Vehicles	1,928,496	267,689	130,211	2,065,974
Construction in Progress	324,346	1,693,478	1,876,685	141,139
Total	\$33,936,640	\$4,483,522	\$2,225,408	\$36,194,754

**CELINA CITY SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

13. INTERFUND ASSETS/LIABILITIES

As of June 30, 2001, receivables and payables that resulted from various interfund transactions were as follows:

	Interfund		Due to/from Other Funds	
	Receivable	Payable	Receivable	Payable
General Fund	\$222,108	\$0	\$2,806	\$1,206
Special Revenue Funds				
Rotary	0	0	0	165
Staff	0	500	0	0
District Managed Activities	0	0	0	56
Career Development	0	7,627	0	0
Post Secondary Vocational Education	0	8,685	0	0
Management Information Systems	0	17,500	0	0
Summer School Intervention	0	20,000	0	0
Miscellaneous State Grants	0	0	0	126
Eisenhower	0	1,261	0	0
Vocational Education	0	19,373	0	9,344
Head Start	0	80,000	0	0
Title I	0	3,500	0	0
Title VI	0	14,648	0	0
Drug Free	0	2,814	0	0
Total Special Revenue Funds	0	175,908	0	9,691
Capital Projects Funds				
Interactive Video Distance Learning	0	31,500	0	0
Disability Access	0	10,000	0	0
Total Capital Projects Funds	0	41,500	0	0

continued

**CELINA CITY SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

13. INTERFUND ASSETS/LIABILITIES (Continued)

	Interfund		Due to/from Other Funds	
	Receivable	Payable	Receivable	Payable
Enterprise Fund				
Adult Education	0	0	399	0
Agency Funds				
Tri Star	0	0	7,667	0
Student Activities	0	4,700	25	0
Total Agency Funds	0	4,700	7,692	0
Total	<u>\$222,108</u>	<u>\$222,108</u>	<u>\$10,897</u>	<u>\$10,897</u>

14. RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2001, the School District contracted for the following insurance coverage:

Coverage provided by Netherlands Insurance Company is as follows:

Building and Contents -	
Replacement Cost (\$1,000 deductible)	\$67,992,351
Special Equipment	330,000
Computer Equipment	593,000
Computer Software (\$250 deductible)	25,000
Miscellaneous Equipment (\$100 deductible)	66,698

Coverage provided by Cincinnati Insurance Company is as follows:

Commercial Crime	1,000
------------------	-------

Coverage provided by Mid-American Fire & Casualty Company is as follows:

Commercial Auto	
Liability	1,000,000
Medical	5,000
Uninsured Driver	1,000,000

Coverage provided by Nationwide Agribusiness Insurance Company is as follows:

School District Liability	
Per Occurrence	\$1,000,000
Per Aggregate	5,000,000
Commercial Umbrella Liability	
Per Occurrence	2,000,000

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

**CELINA CITY SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

14. RISK MANAGEMENT (Continued)

The School District participates in the Ohio School Boards Association 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 School District by virtue of its grouping and representation with other participants in the Program. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants 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 participants that can meet the Program's selection criteria. The firm of Gates McDonald & Co., provides administrative, cost control, and actuarial services to the Program.

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

15. DEFINED BENEFIT PENSION PLANS

A. State Teachers Retirement System

The School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

Plan members are required to contribute 9.3 percent of their annual covered salary and the School District is required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations for fiscal year 2001. For fiscal year 2000, 6 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contribution for pension obligations to STRS for the fiscal years ended June 30, 2001, 2000, and 1999, were \$1,020,234, \$612,365, and \$573,480, respectively; 83 percent has been contributed for fiscal year 2001 and 100 percent for fiscal years 2000 and 1999. The unpaid contribution for fiscal year 2001, in the amount of \$169,515, is recorded as a liability within the respective funds.

**CELINA CITY SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

15. DEFINED BENEFIT PENSION PLANS (Continued)

B. School Employees Retirement System

The School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan administered by the School Employees Retirement Board. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute an actuarially determined rate. The current rate is 14 percent of annual covered payroll; 4.2 percent was the portion used to fund pension obligations for fiscal year 2001. For fiscal year 2000, 5.5 percent was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The School District's required contribution for pension obligations to SERS for the fiscal years ended June 30, 2001, 2000, and 1999, were \$135,237, \$165,150, and \$217,213, respectively; 50 percent has been contributed for fiscal year 2001 and 100 percent for fiscal years 2000 and 1999. The unpaid contribution for fiscal year 2001, in the amount of \$67,259, is recorded as a liability within the respective funds and the general long-term obligations account group.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the State Teachers Retirement System or the School Employees Retirement System have an option to choose Social Security or the State Teachers Retirement System/School Employees Retirement System. As of June 30, 2000, two members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

16. POSTEMPLOYMENT BENEFITS

The School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired classified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs, and reimbursement of monthly Medicare premiums. Benefit provisions and the obligation to contribute are established by the Systems based on authority granted by State statute. Both systems are funded on a pay-as-you-go basis.

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For fiscal year 2001, the Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$483,269.

**CELINA CITY SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

16. POSTEMPLOYMENT BENEFITS (Continued)

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$3,419 million at June 30, 2000 (the latest information available). For the fiscal year ended June 30, 2000, net health care costs paid by STRS were \$283,137,000, and STRS had 99,011 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more years of qualifying service credit, and to disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit, must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

For the fiscal year ended June 30, 2001, employer contributions to fund health care benefits were 9.8 percent of covered payroll, an increase of 1.3 percent from fiscal year 2000. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2001, the minimum pay was established at \$12,400. For the School District, the amount to fund health care benefits, including the surcharge, was \$377,172 for fiscal year 2001.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2000 (the latest information available), were \$140,696,340, and the target level was \$211 million. At June 30, 2000, SERS had net assets available for payment of health care benefits of \$252.3 million. SERS has approximately 50,000 participants currently receiving health care benefits.

17. OTHER EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave components is derived from negotiated agreements and State laws. Designated classified employees earn up to twenty days of vacation per fiscal year, depending upon length of service. Administrators earn twenty to twenty-five days of vacation per contract year. Accumulated unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at a rate of one and one-fourth days per month, up to a maximum of one hundred sixty days. For teachers and administrators, severance pay, which is based on sick leave, can be accumulated to a maximum of one hundred sixty days of sick leave per severance leave bank. The School District maintains three severance leave banks as described below and severance leave is based on the same accumulation factor as sick leave. Upon retirement, payment will be made as follows:

**CELINA CITY SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

17. OTHER EMPLOYEE BENEFITS (Continued)

Bank A - Within the first ten and two-thirds years of service, the net accumulated days shall be payable at 25 percent to a maximum of forty days.

Bank B - Within the second ten and two-thirds years of service, the net accumulated days shall be payable at 20 percent to a maximum of thirty-two days.

Bank C - After twenty-one and one-half years of service, the net accumulated days shall be payable at 15 percent of the balance.

Sick leave may be accumulated to a maximum of one hundred ninety days for classified employees. Upon retirement, payment is made for 33 percent of accrued, but unused sick leave credit to a maximum of sixty-two and seven-tenths days.

B. Health Care Benefits

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

The School District provides dental insurance benefits through CoreSource. The premium varies with each employee depending on marital and family status for dental insurance.

C. Early Retirement Incentive

The School District's Board of Education approved an early retirement incentive program for STRS employees. For STRS employees, the Board of Education will purchase, for all eligible employees who make application in accordance with the provision of the plan and the applicable regulations of the State Teachers Retirement System, one year of retirement service credit. Retirement must be completed no less than ninety days after the employee is notified of the purchase of additional service credit by the Board of Education. These expenses are reflected as fringe benefits within the severance internal service fund. There was no liability for the early retirement incentive at June 30, 2001.

18. NOTES PAYABLE

The School District issued \$250,000 in permanent improvement tax anticipation notes in fiscal year 1996 for the purchase of textbooks. The notes matured over a five year period and had an interest rate of 5.3 percent. During fiscal year 2001, the School District fully retired the remaining principal of \$50,000.

**CELINA CITY SCHOOL DISTRICT
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

19. LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2001 were as follows:

	Interest Rate	Balance at June 30, 2000	Additions	Reductions	Balance at June 30, 2001
<u>General Long-Term Obligations</u>					
General Obligation Bonds					
1996 School Improvement					
Serial and Term Bonds	3.6 - 5.70%	\$15,690,000		\$440,000	\$15,250,000
Capital Appreciation Bonds	14.875 - 16.40	768,232	124,785		893,017
1995 Energy Conservation Notes	4.8 - 6.95	660,000		110,000	550,000
1991 Asbestos Removal Loan	0	373,112		43,896	329,216
Total General Long-Term Obligations		<u>17,491,344</u>	<u>124,785</u>	<u>593,896</u>	<u>17,022,233</u>
Compensated Absences Payable		87,027		12,388	74,639
Intergovernmental Payable		172,384	158,925	172,384	158,925
Total Long-Term Obligations		<u>\$17,750,755</u>	<u>\$283,710</u>	<u>\$778,668</u>	<u>\$17,255,797</u>

School Improvement General Obligation Bonds - On April 1, 1996, the School District issued \$17,517,923 in voted general obligation bonds for constructing, improving, and making additions to school buildings and related site development. The bond issue included serial, term, and capital appreciation bonds in the amount of \$3,965,000, \$13,145,000, and \$407,923, respectively. The bonds will be retired with a voted property tax levy from the debt service fund.

The term bonds maturing on December 1, 2011, are subject to mandatory sinking fund redemption, in part by lot, pursuant to the terms of the mandatory sinking fund redemption requirements of the School District. The mandatory redemption is to occur on December 1, in each of the years 2008 through 2010 (with the balance of \$805,000 to be paid at stated maturity on December 1, 2011) at a redemption price equal to 100 percent of the principal amount redeemed, plus accrued interest to the redemption date, according to the following schedule:

<u>Year</u>	<u>Amount</u>
2008	\$650,000
2009	695,000
2010	745,000

The term bonds maturing on December 1, 2016, are subject to mandatory sinking fund redemption, in part by lot, pursuant to the terms of the mandatory sinking fund redemption requirements of the School District. The mandatory redemption is to occur on December 1, in each of the years 2012 through 2015 (with the balance of \$1,160,000 to be paid at stated maturity on December 1, 2016) at

**CELINA CITY SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

19. LONG-TERM OBLIGATIONS (Continued)

a redemption price equal to 100 percent of the principal amount redeemed, plus accrued interest to the redemption date, according to the following schedule:

<u>Year</u>	<u>Amount</u>
2012	\$880,000
2013	945,000
2014	1,010,000
2015	1,080,000

The term bonds maturing on December 1, 2020, are subject to mandatory sinking fund redemption, in part by lot, pursuant to the terms of the mandatory sinking fund redemption requirements of the School District. The mandatory redemption is to occur on December 1, in each of the years 2017 through 2019 (with the balance of \$1,275,000 to be paid at stated maturity on December 1, 2020) at a redemption price equal to 100 percent of the principal amount redeemed, plus accrued interest to the redemption date, according to the following schedule:

<u>Year</u>	<u>Amount</u>
2017	\$1,225,000
2018	1,295,000
2019	1,380,000

Current serial bonds redeemed by other than mandatory redemption, or purchased for cancellation, may be credited against the applicable mandatory redemption requirement.

The serial bonds maturing after December 1, 2005, are subject to optional redemption, in whole or in part on any date in inverse order of maturity and by lot within a maturity, in integral multiples of \$5,000, at the option of the School District on or after December 1, 2005, at the redemption prices (expressed as percentages of the principal amount to be redeemed) set forth below, plus accrued interest to the redemption date:

Redemption Dates (Dates Inclusive)	Redemption Prices
December 1, 2005 through November 30, 2006	102%
December 1, 2006 through November 30, 2007	101
December 1, 2007 and thereafter	100

The capital appreciation bonds will mature in fiscal years 2004 through 2006. The maturity amount of the bonds is \$1,735,000. For fiscal year 2001, \$124,785 was accreted for a total bond value of \$893,017.

Energy Conservation Notes - In fiscal year 1995, the School District issued \$1,078,000 in unvoted general obligation notes for providing energy conservation measures for the School District. The notes were issued under the authority of Ohio Revised Code Sections 133.06(G) and 3313.372. The notes were issued for an eleven year period, with final maturity during fiscal year 2006. The notes will be retired from the debt service fund.

**CELINA CITY SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

19. LONG-TERM OBLIGATIONS (Continued)

Asbestos Removal Loan - In fiscal year 1991, the School District began an asbestos removal program throughout all of the buildings. An asbestos removal loan for \$790,121 was received from the federal government. The loan was issued for eighteen year period, with a final maturity in fiscal year 2009. The debt will be retired from the debt service fund.

Compensated absences and intergovernmental payables, representing the School District's contractually required pension contributions, will be paid from the fund from which the employees' salaries are paid.

The School District's overall debt margin was \$12,670,832 with an unvoted debt margin of \$315,731 at June 30, 2001.

Principal and interest requirements to retire general obligation debt outstanding at June 30, 2001, were as follows:

Fiscal Year Ending June 30,	General Obligation		Energy Conservation		Asbestos Removal Loan
	Bonds	Interest	Bonds	Interest	
2002	\$475,000	\$803,595	\$110,000	\$26,290	\$43,896
2003	500,000	781,408	110,000	20,625	43,896
2004	530,000	757,452	110,000	14,850	43,896
2005	565,000	744,998	110,000	8,965	43,896
2006	580,000	744,997	110,000	2,998	43,896
2007-2011	3,280,000	3,456,767			109,736
2012-2016	4,720,000	2,398,788			
2017-2020	6,335,000	854,291			
Total	\$16,985,000	\$10,542,296	\$550,000	\$73,728	\$329,216

20. SET ASIDE REQUIREMENTS

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

**CELINA CITY SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

20. SET ASIDE REQUIREMENTS (Continued)

The following cash basis information identifies the changes in the fund balance reserves for textbooks, capital improvements, and budget stabilization during fiscal year 2001.

	Capital		Budget
	Textbook	Improvements	
Balance June 30, 2000	(\$224,944)		\$285,099
Current Year Set Aside Requirement	505,169	505,169	
Legislative Reduction			(285,099)
Current Year Offsets		(590,001)	
Qualifying Expenditures	(300,681)	(317,291)	
Total	<u>(\$20,456)</u>	<u>(\$402,123)</u>	<u>\$0</u>
Amount Carried Forward to Fiscal Year 2002	<u>(\$20,456)</u>	<u>\$0</u>	<u>\$0</u>
Set Aside Reserve Balance June 30, 2001	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Although the School District had offsets and qualifying expenditures for textbooks and instructional materials and capital maintenance during the fiscal year that reduced the set aside amounts below zero, the extra amount for capital maintenance may not be used to reduce the set aside requirement for future years. The negative amount is therefore, not presented as being carried forward to the next fiscal year.

21. CONTRACTUAL COMMITMENTS

As of June 30, 2001, the School District had contractual purchase commitments as follows:

Company	Project	Amount Remaining on Contract
Frost and Company	Roof Replacements	\$383,294
Nuwave Technology	Fiber Optic Installation	47,345
Total Electric Service	Restroom Renovation	2,350
Consolidated-Hunter	Restroom Renovation	18,517
Baumer Construction	Restroom Renovation	25,869
Taylor Painting Services	Parking Lot Sealing and Restriping	41,086
C & J Electric	Track Lighting	44,981
State of Ohio	IVDL Project Equipment	27,709
HA Dorsten	Athletic Annex	17,728

**CELINA CITY SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

22. SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The School District maintains four enterprise funds to account for the operations of food service, construction (the School District constructs homes for resale as part of their curriculum), adult education, and preschool/after school. The table below reflects the more significant financial data relating to the enterprise funds of the Celina City School District as of and for the fiscal year ended June 30, 2001.

	Food Service	Construction	Adult Education	Preschool/ After School	Total Enterprise Funds
Operating Revenues	\$722,796	\$191,020	\$65,516	\$32,884	\$1,012,216
Depreciation	17,004	0	5,341	0	22,345
Operating Income (Loss)	(370,237)	20,866	(3,906)	13,579	(339,698)
Federal Donated Commodities	123,386	0	0	0	123,386
Operating Grants	280,362	0	0	0	280,362
Net Income (Loss)	37,915	20,866	(3,906)	13,579	68,454
Change in Contributed Capital	(2,593)	0	0	0	(2,593)
Fixed Asset Additions	1,568	0	15,093	0	16,661
Net Working Capital	120,416	215,289	44,897	42,848	423,450
Total Assets	559,393	235,242	72,626	42,848	910,109
Total Equity	424,396	215,289	69,052	42,848	751,585
Encumbrances Outstanding at					
Year End (Budget Basis)	14,284	10,515	5,189	680	30,668

23. JOINTLY GOVERNED ORGANIZATIONS

A. Mercer County Local Professional Development Committee

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

**CELINA CITY SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

23. JOINTLY GOVERNED ORGANIZATIONS (Continued)

B. West Central Ohio Special Education Regional Resource Center

The West Central Ohio Special Education Regional Resource Center (SERRC) is a jointly governed organization formed to initiate, expand, and improve special education programs and services for children with disabilities and their parents. The SERRC is governed by a fifty-two member board consisting of the superintendent from the fifty participating school districts, one representative from a non-public school, and one representative from Wright State University. The degree of control exercised by any participating school district is limited to its representation on the Board. Financial information can be obtained from Krista Hart, Hardin County Educational Service Center, 1 Court House Square, Suite 50, Kenton, Ohio 43326-2385.

C. West Central Regional Professional Development Center

The West Central Regional Professional Development Center (the Center) is a jointly governed organization among the school districts located in Allen, Auglaize, Hancock, Hardin, Mercer, Paulding, Putnam, and Van Wert Counties. The organization was formed to establish an articulated regional structure for professional development in which school districts, the business community, higher education, and other groups cooperatively plan and implement effective professional development activities that are tied directly to school improvement, and in particular, to improvements in instructional programs.

The Center is governed by a fifty-two member board made up of representatives from the participating school districts, the business community, and two institutions of higher learning. The degree of control exercised by any participating school district is limited to its representation on the Board. Financial information can be obtained from Brad Browne, Hancock County Educational Service Center, 7746 County Road 140, Findlay, Ohio 45840.

D. Northwestern Ohio Education Research Council, Inc.

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

E. Northwest Ohio Area Computer Services Cooperative

The School District is a participant in the Northwest Ohio Area Computer Services Cooperative (NOACSC), which is a computer consortium. NOACSC is an association of educational entities within the boundaries of Allen, Hancock, Mercer, Paulding, Putnam, and Van Wert Counties, and the Cities of St. Marys and Wapakoneta. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member educational entities.

**CELINA CITY SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

23. JOINTLY GOVERNED ORGANIZATIONS (Continued)

The governing board of NOACSC consists of two representatives from each county elected by majority vote of all charter member educational entities within each county. Financial information can be obtained from Michael Wildermuth, who serves as Director, 645 South Main Street, Lima, Ohio 45804.

24. INSURANCE POOLS

A. Ohio School Boards Association Workers' Compensation Group Rating Program

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

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

B. The Mercer-Auglaize Schools Employee Benefits Trust

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

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

25. CONTINGENCIES

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2001.

B. Litigation

The School District is party to a legal proceeding. The School District is of the opinion that ultimate disposition of claims will not have a material effect, if any, on the financial condition of the School District.

**CELINA CITY SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

26. STATE SCHOOL FUNDING DECISION

On September 6, 2001, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision identified aspects of the current plan that require modification if the plan is to be considered constitutional, including:

1. A change in the school districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to school districts as a result of this change must be retroactive to July 1, 2001, although a time line for distribution was not specified.
2. Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006.

The Supreme Court relinquished jurisdiction over the case based on anticipated compliance with its order.

In general, it is expected that the decision will result in an increase in State funding for most Ohio school districts. However, as of January 17, 2002, the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts. Further, the State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001.

On November 2, 2001, the Supreme Court granted this motion for reconsideration. The Court may re-examine and redetermine any issue upon such reconsideration.

As of the date of these financial statements, the School District is unable to determine what effect, if any, this decision and the reconsideration will have on its future State funding and on its financial operations.

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CELINA CITY SCHOOL DISTRICT
MERCER COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR YEAR ENDED JUNE 30, 2001

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
U.S. DEPARTMENT OF AGRICULTURE						
(Passed through Ohio Department of Education)						
National School Breakfast Program	043729-05-PU-0000	10.553	\$29,322		\$29,322	
National School Lunch Program	043729-03-PU-0000	10.555	274,958		274,958	
Child Care Food Program	136457-21-ML-0000	10.558	34,012		34,012	
Food Distribution Program	N/A	10.550		121,611		123,386
Total U.S. Department of Agriculture - Nutrition Cluster			338,292	121,611	338,292	123,386
U.S. DEPARTMENT OF EDUCATION						
(Passed through Ohio Department of Education)						
Title VI-B Handicapped	043729-6B-SF-99P	84.027	13,288		36,052	
Title VI-B Handicapped	043729-6B-SF-99P	84.027	250,991		234,623	
Total			264,279		270,675	
Handicapped Preschool	04379-PG-S1-2001P	84.173	29,676		29,676	
Total			29,676		29,676	
Total Special Education Cluster			293,955		300,351	
Goals 2000	043729-G2-S2-99	84.276	(594)		1,456	
Title 1	043729-C1-S1-2000C	84.010	1,766		1,766	
Title 1	043729-C1-S1-2000	84.010	23,234		32,474	
Title 1	043729-C1-S1-2001	84.010	261,633		247,069	
Total			286,633		281,309	
Class Size Reduction	043729-CR-S1-2000	84.340			5,717	
Class Size Reduction	043729-CR-S1-2001	84.340	59,159		48,323	
Total			59,159		54,040	
Vocational Education Basic Grant	043729-20-C1-00	84.048	12,114		29,569	
Vocational Education Basic Grant	043729-20-C1-01	84.048	109,783		104,046	
Total			121,897		133,615	
Drug Free Schools	043729-DR-S1-00	84.186	6,295		6,843	
Drug Free Schools	043729-DR-S1-01	84.186	11,206		8,181	
Total			17,501		15,024	
Eisenhower Professional Development	043729-MS-S1-00	84.281			4,545	
Eisenhower Professional Development	043729-MS-S1-00	84.281	11,351		8,773	
Total			11,351		13,318	
Title VI - Innovative Education Program	043729-C2-S1-99	84.298	(2,832)		1,557	
Title VI - Innovative Education Program	043729-C2-S1-00	84.298	13,168		14,597	
Title VI - Innovative Education Program	043729-C2-S1-01	84.298	3,215		264	
Total			13,551		16,418	
Total U. S. Department of Education			803,453		815,531	
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES						
Direct Program						
Headstart Program	05CH5331/25	93.600	401,467		422,612	
Headstart Program	05CH5331/26	93.600	498,533		513,092	
Total Headstart Program			900,000		935,704	
Total U.S. Department of Health and Human Services			900,000		935,704	
Total Federal Assistance			\$2,041,745	\$121,611	\$2,089,527	\$123,386

See Accompanying Notes to the Schedule of Federal Awards Expenditures

**CELINA CITY SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2001**

NOTE A--SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B--FOOD DISTRIBUTION

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2001 the District had \$23,913 in food commodities in inventory.

NOTE C -- MATCHING REQUIREMENTS

Certain Federal programs require that the District contribute non-Federal funds (matching funds) to support the Federally-funded programs. The expenditure of non-Federal matching funds is not included on the Schedule.



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

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

To the Board of Education:

We have audited the financial statements of Celina City School District (the District), Mercer County, as of and for the year ended June 30, 2001, and have issued our report thereon dated January 17, 2002, wherein, we noted the District implemented Governmental Accounting Standards Board Statements number 33 and 36. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District'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 an immaterial instance of noncompliance that we have reported to management of the District in a separate letter dated January 17, 2002.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District'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 District in a separate letter dated January 17, 2002.

Celina City School District
Mercer County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

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

Jim Petro
Auditor of State

January 17, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO MAJOR FEDERAL PROGRAMS AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

Compliance

We have audited the compliance of the Celina City School District (the District), Mercer County, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2001. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2001.

Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control 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 noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program 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 compliance and its operation that we consider to be material weaknesses. We noted a matter involving the internal control over federal compliance that does not require inclusion in this report that we have reported to the management of the District in a separate letter dated January 17, 2002.

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

Jim Petro
Auditor of State

January 17, 2002

**CELINA CITY SCHOOL DISTRICT
MERCER COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
FOR THE YEAR ENDED JUNE 30, 2001**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Head Start Program CFDA # 93.600 Special Education Cluster CFDA # 84.027 & 84.173
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

None

3. FINDINGS FOR FEDERAL AWARDS

None



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

CELINA CITY SCHOOL DISTRICT

MERCER COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 5, 2002**