



Dave Yost • Auditor of State



**CELINA CITY SCHOOL DISTRICT  
MERCER COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Celina City School District, Mercer County, (the School District), as of and for the year ended June 30, 2010, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of Celina City School District, Mercer County, as of June 30, 2010, and the respective changes in financial position and the budgetary comparison for the General Fund 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, 2010, the School District adopted the provisions of Government Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with Government Auditing Standards, we have also issued our report dated February 11, 2011, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis* as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

We conducted our audit to opine on the financial statements that collectively comprise the School District's basic financial statements. The Schedule of Federal Awards Receipts and Disbursements provides additional information required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The Schedule of Federal Awards Receipts and Disbursements is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



**Dave Yost**  
Auditor of State

February 11, 2011

**CELINA CITY SCHOOL DISTRICT  
MERCER COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
UNAUDITED**

The discussion and analysis of Celina City School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2010, within the limitations of the cash basis of accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

**Using the Basic Financial Statements**

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

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

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

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

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

**Reporting the School District as a Whole**

The statement of net assets and the statement of activities reflect how the School District did financially during fiscal year 2010, within the limitations of cash basis accounting. The statement of net assets presents the cash balance of the governmental activities of the School District at fiscal year end. The statement of activities compares cash disbursements with program receipts for each function or program of the School District's governmental activities. A function is a group of related activities designed to accomplish a major service or regulatory program for which the School District is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants, contributions, and interest restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the School District's general receipts.

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

**CELINA CITY SCHOOL DISTRICT  
MERCER COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
UNAUDITED  
(Continued)**

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

**Reporting the School District's Most Significant Funds**

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

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

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

**The School District as a Whole**

Table 1 provides a summary of the School District's net assets for fiscal year 2010 and fiscal year 2009:

| <b>Table 1</b>                 |                     |                     |                     |
|--------------------------------|---------------------|---------------------|---------------------|
| <b>Governmental Activities</b> |                     |                     |                     |
| <b>Net Assets</b>              |                     |                     |                     |
|                                | <b>2010</b>         | <b>2009</b>         | <b>Change</b>       |
| <b>Assets</b>                  | <u>\$14,961,510</u> | <u>\$15,534,451</u> | <u>(\$ 572,941)</u> |
| <b>Net Assets:</b>             |                     |                     |                     |
| Restricted                     | 4,260,041           | 3,435,036           | 825,005             |
| Unrestricted                   | 10,701,469          | 12,099,415          | (1,397,946)         |
| Total Net Assets               | <u>\$14,961,510</u> | <u>\$15,534,451</u> | <u>(\$ 572,941)</u> |

Total net assets decreased \$572,941, or almost 4 percent. Restricted net assets increased significantly from advances received from unrestricted net assets to cover operating costs until grant monies were received. In addition to the above, unrestricted net assets decreased from a 5 percent increase in disbursements in fiscal year 2010.

Table 2 reflects the change in net assets for fiscal year 2010 and fiscal year 2009.



**CELINA CITY SCHOOL DISTRICT  
MERCER COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
UNAUDITED  
(Continued)**

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

|   | <u>2010</u>         | <u>2009</u>         | <u>Change</u>       |
|---|---------------------|---------------------|---------------------|
| <b>Receipts:</b>                              |                     |                     |                     |
| <b>Program Receipts:</b>                      |                     |                     |                     |
| Charges for Services                          | \$ 3,038,948        | \$ 2,963,160        | \$ 75,788           |
| Operating Grants, Contributions, and Interest | 5,304,317           | 4,633,649           | 670,668             |
| Capital Grants and Contributions              |                     | 21,801              | (21,801)            |
| Total Program Receipts                        | <u>8,343,265</u>    | <u>7,618,610</u>    | <u>724,655</u>      |
| <b>General Receipts:</b>                      |                     |                     |                     |
| Property Taxes Levied for General Purposes    | 10,518,628          | 10,719,091          | (200,463)           |
| Property Taxes Levied for Debt Service        | 1,052,597           | 1,068,700           | (16,103)            |
| Income Taxes                                  | 2,243,850           | 2,543,471           | (299,621)           |
| Payment in Lieu of Taxes                      | 124,823             | 167,413             | (42,590)            |
| Grants and Entitlements                       | 12,049,157          | 12,063,473          | (14,316)            |
| Interest                                      | 243,512             | 379,117             | (135,605)           |
| Gifts and Donations                           |                     | 2,198               | (2,198)             |
| Miscellaneous                                 | 171,990             | 200,945             | (28,955)            |
| Total General Receipts                        | <u>26,404,557</u>   | <u>27,144,408</u>   | <u>(739,851)</u>    |
| Total Receipts                                | <u>34,747,822</u>   | <u>34,763,018</u>   | <u>(15,196)</u>     |
| <b>Disbursements:</b>                         |                     |                     |                     |
| <b>Instruction:</b>                           |                     |                     |                     |
| Regular                                       | 14,290,946          | 13,901,342          | (389,604)           |
| Special                                       | 4,146,727           | 3,604,137           | (542,590)           |
| Vocational                                    | 1,693,862           | 1,654,813           | (39,049)            |
| Adult/Continuing                              | 940                 | 4,070               | 3,130               |
| <b>Support Services:</b>                      |                     |                     |                     |
| Pupils  | 2,098,294           | 1,883,462           | (214,832)           |
| Instructional Staff                           | 1,615,708           | 1,459,331           | (156,377)           |
| Board of Education                            | 107,987             | 72,483              | (35,504)            |
| Administration                                | 2,482,173           | 2,345,849           | (136,324)           |
| Fiscal  | 722,063             | 730,496             | 8,433               |
| Business                                      | 143,622             | 206,306             | 62,684              |
| Operation and Maintenance of Plant            | 2,778,047           | 2,630,278           | (147,769)           |
| Pupil Transportation                          | 1,473,513           | 1,354,178           | (119,335)           |
| Central                                       | 41,237              | 66,468              | 25,231              |
| Non-instructional Services                    | 1,348,141           | 1,368,836           | 20,695              |
| Extracurricular Activities                    | 884,393             | 943,127             | 58,734              |
| Capital Outlay                                |                     | 12,316              | 12,316              |
| Intergovernmental                             | 183,410             | 1,498               | (181,912)           |
| <b>Debt Service:</b>                          |                     |                     |                     |
| Principal Retirement                          | 880,000             | 871,944             | (8,056)             |
| Interest and Fiscal Charges                   | 429,700             | 453,529             | 23,829              |
| Total Disbursements                           | <u>35,320,763</u>   | <u>33,564,463</u>   | <u>(1,756,300)</u>  |
| Increase (Decrease) in Net Assets             | (572,941)           | 1,198,555           | (1,771,496)         |
| Net Assets at Beginning of Year               | 15,534,451          | 14,335,896          | 1,198,555           |
| Net Assets at End of Year                     | <u>\$14,961,510</u> | <u>\$15,534,451</u> | <u>(\$ 572,941)</u> |

Program receipts represent almost 24 percent of total receipts and are primarily represented by charges for services and restricted intergovernmental receipts. Program receipts for operating grants, contributions, and interest increased over 14 percent from additional federal funding received during the fiscal year through the American Reinvestment and Recovery Act.

**CELINA CITY SCHOOL DISTRICT  
MERCER COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
UNAUDITED  
(Continued)**

General receipts represent 76 percent of the School District's total receipts. General receipts decreased by almost 3 percent from fiscal year 2009 from the continued economic downturn, changes in State funding, and a decrease in open enrollment.

The major program disbursements for governmental activities are for instruction, which continued to account for 57 percent of all disbursements. Other programs which support the instruction process, including pupils, instructional staff, administration, operation and maintenance of plant, and pupil transportation account for 30 percent of all disbursements.

Overall, disbursements increased by 5 percent over fiscal year 2009 primarily from pay increases based on negotiated union agreements. Special instruction, pupils, and instructional staff costs increased from additional receipts received through the American Reinvestment and Recovery Act and used to hire additional teaching staff and aides and purchasing technology equipment. Board of Education disbursements increased from legal fees relating to the union negotiation process. Administration disbursements increased while business disbursements decreased from replacing the business manager with an assistant superintendent of business operations which changed the program from which the employee was paid. Transportation disbursements increased from the purchase of two additional buses during fiscal year 2010.

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

**Table 3  
Governmental Activities**

|                                    | <b>Total Cost of Services</b> |                            | <b>Net Cost of Services</b> |                            |
|------------------------------------|-------------------------------|----------------------------|-----------------------------|----------------------------|
|                                    | <b>2010</b>                   | <b>2009</b>                | <b>2010</b>                 | <b>2009</b>                |
| <b>Instruction:</b>                |                               |                            |                             |                            |
| Regular                            | \$14,290,946                  | \$13,901,342               | \$13,157,901                | \$12,815,946               |
| Special                            | 4,146,727                     | 3,604,137                  | 252,879                     | 404,282                    |
| Vocational                         | 1,693,862                     | 1,654,813                  | (49,936)                    | 15,346                     |
| Adult/Continuing                   | 940                           | 4,070                      | 940                         | 4,070                      |
| <b>Support Services:</b>           |                               |                            |                             |                            |
| Pupils                             | 2,098,294                     | 1,883,462                  | 2,094,854                   | 1,862,326                  |
| Instructional Staff                | 1,615,708                     | 1,459,331                  | 1,615,708                   | 1,459,331                  |
| Board of Education                 | 107,987                       | 72,483                     | 107,987                     | 72,483                     |
| Administration                     | 2,482,173                     | 2,345,849                  | 2,482,173                   | 2,345,849                  |
| Fiscal                             | 722,063                       | 730,496                    | 717,352                     | 711,230                    |
| Business                           | 143,622                       | 206,306                    | 143,622                     | 206,306                    |
| Operation and Maintenance of Plant | 2,778,047                     | 2,630,278                  | 2,778,047                   | 2,630,278                  |
| Pupil Transportation               | 1,473,513                     | 1,354,178                  | 1,447,832                   | 1,303,866                  |
| Central                            | 41,237                        | 66,468                     | 22,365                      | 66,468                     |
| Non-instructional Services         | 1,348,141                     | 1,368,836                  | 127,579                     | 123,856                    |
| Extracurricular Activities         | 884,393                       | 943,127                    | 585,085                     | 584,929                    |
| Capital Outlay                     |                               | 12,316                     |                             | 12,316                     |
| Intergovernmental                  | 183,410                       | 1,498                      | 183,410                     | 1,498                      |
| <b>Debt Service:</b>               |                               |                            |                             |                            |
| Principal Retirement               | 880,000                       | 871,944                    | 880,000                     | 871,944                    |
| Interest and Fiscal Charges        | 429,700                       | 453,529                    | 429,700                     | 453,529                    |
| <b>Total Disbursements</b>         | <b><u>\$35,320,763</u></b>    | <b><u>\$33,564,463</u></b> | <b><u>\$26,977,498</u></b>  | <b><u>\$25,945,853</u></b> |

**CELINA CITY SCHOOL DISTRICT  
MERCER COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
UNAUDITED  
(Continued)**

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

Noninstructional services received 92 percent of its resources through user charges from cafeteria sales, state and federal subsidies, and donated commodities for food services. The School District also receives a large amount of operating grants for the number of students receiving their education through the parochial school which is reported within non-instructional services.

For fiscal year 2010, 34 percent of extracurricular activities expenses were covered by program receipts. Program receipts include music and athletic fees, ticket sales, and gate receipts and will fluctuate based on the number of games played at home and how well the athletic teams are playing.

In general, the net cost of services was very comparable to fiscal year 2009.

**The School District's Funds**

The School District's governmental funds are accounted for using the cash basis of accounting. Many receipt categories in the General Fund decreased in fiscal year 2010 due to the continued decline in the economy and changes in State funding. Disbursements had an overall 3 percent increase in fiscal year 2010 from increases in salaries per negotiated agreements and inflationary increases for supplies and materials and contractual services. The overall effect on fund balance was a decrease, in the amount of \$1,195,704, or almost 9 percent.

**Budgeting Highlights**

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

During fiscal year 2010, the School District amended its General Fund budget as needed. For receipts, there was an insignificant change from the original budget to the final budget as well as from the final budget to actual receipts.

The School District appropriates at the object level within each fund. There was an increase of 41 percent between the original budget and the final budget. The School District had not finalized the amount to be budgeted for salaries and fringe benefits until the Department of Education had provided the information relating to the portion of the School District's Foundation funding would be received from the American Reinvestment and Recovery Act. Final disbursements were 14 percent less than final appropriations.

**Debt Administration**

At June 30, 2010, the School District's outstanding debt consisted of general obligation bonds for the construction and renovation of school facilities, in the amount of \$10,584,994. For further information regarding the School District's debt, refer to Note 13 to the basic financial statements.

**CELINA CITY SCHOOL DISTRICT  
MERCER COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
UNAUDITED  
(Continued)**

**Current Issues**

For fiscal year 2011, the Board of Education reduced teaching staff by one position due to retirements and the reassignment of current staff members. Classified staff positions were reorganized from the change in the teaching staff structure. The Board of Education also employed additional classified staff members to support special education instruction.

Discussions with the Ohio School Facilities Commission have continued; however, no plans have been introduced or approved until such time as the economy improves so that a tax levy for any new construction would potentially be approved by the voters.

**Contacting the School District's Financial Management**

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

**CELINA CITY SCHOOL DISTRICT  
MERCER COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS  
JUNE 30, 2010**

|   | <u><b>Governmental<br/>Activities</b></u> |
|---|---|
| <b>Assets:</b>                                |   |
| Equity in Pooled Cash and Cash Equivalentents | <u><u>\$14,961,510</u></u>                |
| <b>Net Assets:</b>                            |   |
| <b>Restricted for:</b>                        |   |
| Debt Service                                  | 717,552                                   |
| Capital Projects                              | 231,143                                   |
| Other Purposes                                | 1,657,012                                 |
| Setasides                                     | 1,654,334                                 |
| Unrestricted                                  | <u>10,701,469</u>                         |
| Total Net Assets                              | <u><u>\$14,961,510</u></u>                |

*See accompanying notes to the basic financial statements.*

**CELINA CITY SCHOOL DISTRICT  
MERCER COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

|                                       | <u>Program Cash Receipts</u> |                                 |  | <b>Net (Disbursement)<br/>Receipt and Change<br/>in Net Assets</b> |
|---------------------------------------|------------------------------|---------------------------------|--|--|
|                                       | <u>Disbursements</u>         | <u>Charges for<br/>Services</u> | <u>Operating Grants,<br/>Contributions,<br/>and Interest</u> | <u>Governmental<br/>Activities</u>                                 |
| <b>Governmental Activities:</b>       |                              |                                 |  |  |
| <b>Instruction:</b>                   |                              |                                 |  |  |
| Regular                               | \$14,290,946                 | \$612,911                       | \$520,134  | (\$13,157,901)   |
| Special                               | 4,146,727                    | 60,311                          | 3,833,537  | (252,879)  |
| Vocational                            | 1,693,862                    | 1,494,901                       | 248,897  | 49,936   |
| Adult/Continuing                      | 940                          |                                 |  | (940)  |
| <b>Support Services:</b>              |                              |                                 |  |  |
| Pupils                                | 2,098,294                    |                                 | 3,440  | (2,094,854)  |
| Instructional Staff                   | 1,615,708                    |                                 |  | (1,615,708)  |
| Board of Education                    | 107,987                      |                                 |  | (107,987)  |
| Administration                        | 2,482,173                    |                                 |  | (2,482,173)  |
| Fiscal                                | 722,063                      | 4,711                           |  | (717,352)  |
| Business                              | 143,622                      |                                 |  | (143,622)  |
| Operation and Maintenance<br>of Plant | 2,778,047                    |                                 |  | (2,778,047)  |
| Pupil Transportation                  | 1,473,513                    | 25,681                          |  | (1,447,832)  |
| Central                               | 41,237                       |                                 | 18,872   | (22,365)   |
| Non-instructional Services            | 1,348,141                    | 568,108                         | 652,454  | (127,579)  |
| Extracurricular Activities            | 884,393                      | 272,325                         | 26,983   | (585,085)  |
| Intergovernmental                     | 183,410                      |                                 |  | (183,410)  |
| <b>Debt Service:</b>                  |                              |                                 |  |  |
| Principal Retirement                  | 880,000                      |                                 |  | (880,000)  |
| Interest and Fiscal Charges           | 429,700                      |                                 |  | (429,700)  |
| <b>Total Governmental Activities</b>  | <u>\$35,320,763</u>          | <u>\$3,038,948</u>              | <u>\$5,304,317</u>   | <u>(26,977,498)</u>  |

**General Receipts:**

**Property Taxes Levied for:**

|   |                   |
|---|-------------------|
| General Purposes  | 10,518,628        |
| Debt Service  | 1,052,597         |
| Income Taxes  | 2,243,850         |
| Payment in Lieu of Taxes                                    | 124,823           |
| Grants and Entitlements not Restricted to Specific Programs | 12,049,157        |
| Interest  | 243,512           |
| Miscellaneous   | 171,990           |
| <b>Total General Receipts</b>                               | <u>26,404,557</u> |

Change in Net Assets (572,941)

Net Assets at Beginning of Year - Restated (Note 3) 15,534,451

Net Assets at End of Year \$14,961,510

See accompanying notes to the basic financial statements.

**CELINA CITY SCHOOL DISTRICT  
MERCER COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES  
GOVERNMENTAL FUNDS  
JUNE 30, 2010**

|  | <u>General</u>      | <u>Other<br/>Governmental</u> | <u>Total</u>        |
|--|---------------------|-------------------------------|---------------------|
| <b>Assets:</b>                             |                     |                               |                     |
| Equity in Pooled Cash and Cash Equivalents | \$10,701,469        | \$2,600,320                   | \$13,301,789        |
| <b>Restricted Assets:</b>                  |                     |                               |                     |
| Equity in Pooled Cash and Cash Equivalents | 1,659,721           |                               | 1,659,721           |
| Total Assets                               | <u>12,361,190</u>   | <u>2,600,320</u>              | <u>14,961,510</u>   |
| <b>Fund Balances:</b>                      |                     |                               |                     |
| Restricted                                 | 1,659,721           | 2,316,725                     | 3,976,446           |
| Committed                                  | 996,304             | 283,595                       | 1,279,899           |
| Assigned                                   | 1,094,813           |                               | 1,094,813           |
| Unassigned                                 | 8,610,352           |                               | 8,610,352           |
| Total Fund Balances                        | <u>\$12,361,190</u> | <u>\$2,600,320</u>            | <u>\$14,961,510</u> |

*See accompanying notes to the basic financial statements.*

**CELINA CITY SCHOOL DISTRICT  
MERCER COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
AND CHANGES IN CASH BASIS FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

|   | <u>General</u>      | <u>Other<br/>Governmental</u> | <u>Total</u>        |
|---|---------------------|-------------------------------|---------------------|
| <b>Receipts:</b>  |                     |                               |                     |
| Property Taxes  | \$10,518,628        | \$1,052,597                   | \$11,571,225        |
| Income Taxes  | 2,243,850           |                               | 2,243,850           |
| Payment in Lieu of Taxes                                  |                     | 124,823                       | 124,823             |
| Intergovernmental   | 12,454,830          | 4,865,439                     | 17,320,269          |
| Interest  | 235,259             | 9,960                         | 245,219             |
| Tuition and Fees  | 1,212,511           |                               | 1,212,511           |
| Charges for Services                                      | 111,496             | 1,407,354                     | 1,518,850           |
| Extracurricular Activities                                | 186,666             | 272,325                       | 458,991             |
| Gifts and Donations                                       | 4,515               | 26,983                        | 31,498              |
| Miscellaneous   | 159,875             | 12,115                        | 171,990             |
| Total Receipts  | <u>27,127,630</u>   | <u>7,771,596</u>              | <u>34,899,226</u>   |
| <b>Disbursements:</b>                                     |                     |                               |                     |
| <b>Current:</b>   |                     |                               |                     |
| <b>Instruction:</b>                                       |                     |                               |                     |
| Regular   | 13,447,641          | 843,305                       | 14,290,946          |
| Special   | 2,799,499           | 1,347,228                     | 4,146,727           |
| Vocational  | 1,258,727           | 586,539                       | 1,845,266           |
| Adult/Continuing  | 940                 |                               | 940                 |
| <b>Support Services:</b>                                  |                     |                               |                     |
| Pupils  | 1,560,948           | 537,346                       | 2,098,294           |
| Instructional Staff                                       | 1,225,025           | 390,683                       | 1,615,708           |
| Board of Education  | 107,987             |                               | 107,987             |
| Administration  | 1,952,716           | 529,457                       | 2,482,173           |
| Fiscal  | 696,421             | 25,642                        | 722,063             |
| Business  | 143,622             |                               | 143,622             |
| Operation and Maintenance of Plant                        | 2,562,339           | 215,708                       | 2,778,047           |
| Pupil Transportation                                      | 1,075,212           | 398,301                       | 1,473,513           |
| Central   | 2,879               | 38,358                        | 41,237              |
| Non-instructional Services                                | 833                 | 1,347,308                     | 1,348,141           |
| Extracurricular Activities                                | 659,148             | 225,245                       | 884,393             |
| Intergovernmental   | 173,066             | 10,344                        | 183,410             |
| <b>Debt Service:</b>                                      |                     |                               |                     |
| Principal Retirement                                      |                     | 880,000                       | 880,000             |
| Interest and Fiscal Charges                               |                     | 429,700                       | 429,700             |
| Total Disbursements                                       | <u>27,667,003</u>   | <u>7,805,164</u>              | <u>35,472,167</u>   |
| Excess of Receipts Under Disbursements                    | <u>(539,373)</u>    | <u>(33,568)</u>               | <u>(572,941)</u>    |
| <b>Other Financing Sources (Uses):</b>                    |                     |                               |                     |
| Advances In   | 312,020             | 840,700                       | 1,152,720           |
| Advances Out  | (840,700)           | (312,020)                     | (1,152,720)         |
| Transfers In  |                     | 127,651                       | 127,651             |
| Transfers Out   | (127,651)           |                               | (127,651)           |
| Total Other Financing Sources (Uses)                      | <u>(656,331)</u>    | <u>656,331</u>                | <u></u>             |
| Changes in Fund Balances                                  | (1,195,704)         | 622,763                       | (572,941)           |
| Fund Balances at Beginning of Year -<br>Restated (Note 3) | <u>13,556,894</u>   | <u>1,977,557</u>              | <u>15,534,451</u>   |
| Fund Balances at End of Year                              | <u>\$12,361,190</u> | <u>\$2,600,320</u>            | <u>\$14,961,510</u> |

See accompanying notes to the basic financial statements.



**CELINA CITY SCHOOL DISTRICT  
MERCER COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE  
BUDGET (NON-GAAP BASIS) AND ACTUAL  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

|  | <b>Budgeted Amounts</b> |                    | <b>Actual</b>       | <b>Variance with<br/>Final Budget<br/>Over<br/>(Under)</b> |
|--|-------------------------|--------------------|---------------------|--|
|  | <b>Original</b>         | <b>Final</b>       |                     | <b>(Under)</b>   |
| <b>Receipts:</b>                                     |                         |                    |                     |  |
| Property Taxes                                       | \$10,300,000            | \$10,520,500       | \$10,518,628        | (\$1,872)  |
| Income Taxes   | 2,100,000               | 2,245,000          | 2,243,850           | (1,150)  |
| Intergovernmental                                    | 12,119,875              | 12,456,175         | 12,454,830          | (1,345)  |
| Interest   | 312,525                 | 222,525            | 235,259             | 12,734   |
| Tuition and Fees                                     | 1,050,550               | 1,221,050          | 1,212,511           | (8,539)  |
| Charges for Services                                 | 120,500                 | 110,500            | 111,496             | 996  |
| Extracurricular Activities                           | 184,200                 | 188,050            | 186,666             | (1,384)  |
| Gifts and Donations                                  | 5,725                   | 4,825              | 4,515               | (310)  |
| Miscellaneous  | 154,825                 | 149,275            | 159,875             | 10,600   |
| <b>Total Receipts</b>                                | <b>26,348,200</b>       | <b>27,117,900</b>  | <b>27,127,630</b>   | <b>9,730</b>   |
| <b>Disbursements:</b>                                |                         |                    |                     |  |
| <b>Current:</b>                                      |                         |                    |                     |  |
| <b>Instruction:</b>                                  |                         |                    |                     |  |
| Regular  | 8,820,802               | 13,411,685         | 12,220,283          | 1,191,402  |
| Special  | 2,465,377               | 3,428,617          | 2,924,882           | 503,735  |
| Vocational   | 929,904                 | 1,421,359          | 1,292,865           | 128,494  |
| Adult/Continuing                                     | 20,000                  | 20,000             | 940                 | 19,060   |
| Other  | 1,518,497               | 1,773,508          | 1,646,949           | 126,559  |
| <b>Support Services:</b>                             |                         |                    |                     |  |
| Pupils   | 1,002,902               | 1,768,983          | 1,593,934           | 175,049  |
| Instructional Staff                                  | 922,745                 | 1,330,794          | 1,235,449           | 95,345   |
| Board of Education                                   | 127,996                 | 176,708            | 135,002             | 41,706   |
| Administration                                       | 1,825,864               | 2,265,955          | 1,978,731           | 287,224  |
| Fiscal   | 673,504                 | 1,470,873          | 722,394             | 748,479  |
| Business   | 201,183                 | 179,453            | 174,245             | 5,208  |
| Operation and Maintenance of Plant                   | 2,698,450               | 3,348,456          | 2,905,559           | 442,897  |
| Pupil Transportation                                 | 1,408,713               | 1,361,484          | 1,137,335           | 224,149  |
| Central  | 2,000                   | 5,200              | 3,549               | 1,651  |
| Extracurricular Activities                           | 628,612                 | 669,603            | 660,911             | 8,692  |
| Intergovernmental                                    | 19,000                  | 182,500            | 173,066             | 9,434  |
| <b>Total Disbursements</b>                           | <b>23,265,549</b>       | <b>32,815,178</b>  | <b>28,806,094</b>   | <b>4,009,084</b>   |
| <b>Excess of Receipts Over (Under) Disbursements</b> | <b>3,082,651</b>        | <b>(5,697,278)</b> | <b>(1,678,464)</b>  | <b>4,018,814</b>   |
| <b>Other Financing Sources (Uses):</b>               |                         |                    |                     |  |
| Advances In  | 300,000                 | 234,650            | 312,020             | 77,370   |
| Advances Out   | (937,500)               | (937,500)          | (840,700)           | 96,800   |
| Transfers Out  | (543,500)               | (130,000)          | (127,651)           | 2,349  |
| <b>Total Other Financing Sources (Uses)</b>          | <b>(1,181,000)</b>      | <b>(832,850)</b>   | <b>(656,331)</b>    | <b>176,519</b>   |
| <b>Changes in Fund Balance</b>                       | <b>1,901,651</b>        | <b>(6,530,128)</b> | <b>(2,334,795)</b>  | <b>4,195,333</b>   |
| Fund Balance at Beginning of Year                    | 12,291,150              | 12,291,150         | 12,291,150          |  |
| Prior Year Encumbrances Appropriated                 | 1,265,744               | 1,265,744          | 1,265,744           |  |
| <b>Fund Balance at End of Year</b>                   | <b>\$15,458,545</b>     | <b>\$7,026,766</b> | <b>\$11,222,099</b> | <b>\$4,195,333</b>   |

See accompanying notes to the basic financial statements.

**CELINA CITY SCHOOL DISTRICT  
MERCER COUNTY**

**STATEMENT OF CASH BASIS FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2010**

|  | <b>Purpose<br/>Trust</b> | <b>Agency</b> |
|--|--------------------------|---------------|
| <b>Assets:</b>                             |                          |               |
| Equity in Pooled Cash and Cash Equivalents | \$126,294                | \$109,459     |
| <b>Net Assets:</b>                         |                          |               |
| Held in Trust for Scholarships             | 126,294                  |               |
| Held for Student Activities                |                          | 103,265       |
| Undistributed Assets                       |                          | 6,194         |
| Total Net Assets                           | \$126,294                | \$109,459     |

*See accompanying notes to the basic financial statements.*

**CELINA CITY SCHOOL DISTRICT  
MERCER COUNTY**

**STATEMENT OF CHANGE IN FIDUCIARY NET ASSETS  
PRIVATE PURPOSE TRUST FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

|   |                         |
|---|-------------------------|
| <b>Additions:</b>                                   |                         |
| Interest  | \$1,691                 |
| Gifts and Donations                                 | <u>12,273</u>           |
| Total Additions                                     | <u>13,964</u>           |
| <br>  |                         |
| <b>Deductions:</b>                                  |                         |
| Non-instructional Services                          | <u>13,000</u>           |
| Change in Net Assets                                | 964                     |
| Net Assets at Beginning of Year - Restated (Note 3) | <u>125,330</u>          |
| Net Assets at End of Year                           | <u><u>\$126,294</u></u> |

*See accompanying notes to the basic financial statements.*

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**CELINA CITY SCHOOL DISTRICT  
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**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 and federal guidelines.

The School District is the 171st largest in the State of Ohio (among 612 school districts) in terms of enrollment. The School District is located in Mercer County, and includes all of the City of Celina and portions of Butler, Center, Franklin, Hopewell, Jefferson, Liberty, and Washington Townships. The School District is staffed by one hundred seventy-three classified employees, two hundred eight certified teaching personnel, and twenty-five administrative employees who provide services to 2,645 students and other community members. The School District currently operates six instructional buildings and a bus garage.

**Reporting Entity**

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

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

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

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

**CELINA CITY SCHOOL DISTRICT  
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Basis of Presentation**

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

**1. Government-Wide Financial Statements**

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

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

**2. Fund Financial Statements**

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

**CELINA CITY SCHOOL DISTRICT  
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Fund Accounting**

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

**1. Governmental Funds**

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

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

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

**2. Fiduciary Funds**

The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are not available to support the School District's own programs. The School District's private purpose trust fund accounts for programs that provide college scholarships to students after graduation. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's agency funds account for payroll withholdings and various staff-related and student-managed activities.

**C. Budgetary Process**

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

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

**CELINA CITY SCHOOL DISTRICT  
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**D. Cash and Investments**

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

During fiscal year 2010, the School District's investments included nonnegotiable certificates of deposit, federal agency securities, and mutual funds. Investments are reported at cost.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2010 was \$235,259, which included \$12,544 assigned from other School District funds.

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

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

**E. Restricted Assets**

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

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

**F. Capital Assets**

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

**G. Compensated Absences**

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



**CELINA CITY SCHOOL DISTRICT  
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**H. Long-Term Obligations**

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

**I. Net Assets**

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

**J. Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in governmental funds. The classifications are as follows:

**Non-spendable** - The non-spendable classification includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. The "not in spendable form" includes items that are not expected to be converted to cash.

**Restricted** - Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions.

**Committed** - The committed classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Board of Education. The committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

**Assigned** - Amounts in the assigned classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Board of Education.

**Unassigned** - Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

**CELINA CITY SCHOOL DISTRICT  
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The School District first applies restricted resources when an expenditure is incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used.

**K. Interfund Activity**

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

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

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

**3. CHANGE IN ACCOUNTING PRINCIPLES**

For fiscal year 2010, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". GASB Statement No. 54 provides fund balance classifications that can be more consistently applied and clarifies the existing governmental fund type definitions. The requirements of this statement classify fund balance as nonspendable, restricted, committed, assigned, and/or unassigned.

|  | <u>General</u>      | <u>Other<br/>Governmental</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|--|---------------------|-------------------------------|---|
| Fund Balance at June 30, 2009          | \$12,532,773        | \$2,792,491                   | \$15,325,264                            |
| Change in Fund Structure               | 1,024,121           | (814,934)                     | 209,187                                 |
| Adjusted Fund Balance at June 30, 2009 | <u>\$13,556,894</u> | <u>\$1,977,557</u>            | <u>\$15,534,451</u>                     |

The restatement had the following effect on net assets:

|                                      | <u>Governmental<br/>Activities</u> | <u>Private<br/>Purpose<br/>Trust</u> |
|--------------------------------------|------------------------------------|--------------------------------------|
| Net Assets June 30, 2009             | \$15,325,264                       |                                      |
| Change in Fund Structure             | 209,187                            | \$125,330                            |
| Adjusted Net Assets at June 30, 2009 | <u>\$15,534,451</u>                | <u>\$125,330</u>                     |

**CELINA CITY SCHOOL DISTRICT  
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

**4. DEPOSITS AND INVESTMENTS**

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

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

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

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

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

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

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

**CELINA CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

**4. DEPOSITS AND INVESTMENTS (Continued)**

**A. Deposits**

Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year end, \$2,750,000 of the School District's bank balance of \$14,253,692 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

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

**B. Investments**

As of June 30, 2010, the School District had the following investments.

|  | <u>Total</u>       | <u>Less Than<br/>One Year</u> | <u>One Year to<br/>Two Years</u> | <u>Two Years<br/>To<br/>Five Years</u> |
|--|--------------------|-------------------------------|----------------------------------|--|
| Federal Home Loan Bank Notes           | \$ 991,600         | \$150,000                     | \$40,000                         | \$ 801,600                             |
| Federal Home Loan Mortgage Corp. Notes | 399,999            | 399,999                       |                                  |  |
| Federal National Mortgage Assoc. Notes | 347,323            | 97,267                        |                                  | 250,056                                |
| Mutual Funds                           | 792                | 792                           |                                  |  |
| <b>Total</b>                           | <u>\$1,739,714</u> | <u>\$648,058</u>              | <u>\$40,000</u>                  | <u>\$1,051,656</u>                     |

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

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

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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

**4. DEPOSITS AND INVESTMENTS (Continued)**

The following table indicates the percentage of each investment to the total portfolio:

|  | <u>Carrying<br/>Value</u> | <u>Percentage of<br/>Portfolio</u> |
|--|---------------------------|------------------------------------|
| Federal Home Loan Bank                 | \$991,600                 | 57.00%                             |
| Federal Home Loan Mortgage Corporation | 399,999                   | 22.99                              |
| Federal National Mortgage Association  | 347,323                   | 19.96                              |

**5. PROPERTY TAXES**

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

Property taxes include amounts levied against all real property, public utility property, and tangible personal (used in business) property located in the School District. Real property tax revenues received in calendar year 2010 represent the collection of calendar year 2009 taxes. Real property taxes received in calendar year 2010 were levied after April 1, 2009, on the assessed values as of January 1, 2009, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenues received in calendar year 2010 represent the collection of calendar year 2009 taxes. Public utility real and tangible personal property taxes received in calendar year 2010 became a lien on December 31, 2008, were levied after April 1, 2009, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax revenues received in calendar year 2010 (other than public utility property) represent the collection of calendar year 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2008 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. Tangible personal property taxes received from telephone companies in calendar year 2010 were levied after October 1, 2009, on the value as of December 31, 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The School District receives property taxes from Mercer County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the county by June 30, 2010, are available to finance fiscal year 2010 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

**CELINA CITY SCHOOL DISTRICT  
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

**5. PROPERTY TAXES (Continued)**

The assessed values upon which fiscal year 2010 taxes were collected are:

|  | <b>2009 Second-<br/>Half Collections</b> |                | <b>2010 First-<br/>Half Collections</b> |                |
|--|--|----------------|---|----------------|
|  | <b>Amount</b>                            | <b>Percent</b> | <b>Amount</b>                           | <b>Percent</b> |
| Real                                       | \$361,649,390                            | 98.01%         | \$359,715,220                           | 98.10%         |
| Public Utility                             | 7,352,060                                | 1.99           | 6,973,810                               | 1.90           |
| Total Assessed Value                       | <u>\$369,001,450</u>                     | <u>100.00%</u> | <u>\$366,689,030</u>                    | <u>100.00%</u> |
| Tax rate per \$1,000 of assessed valuation | \$39.30                                  |                | \$39.30                                 |                |

**6. INCOME TAXES**

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

**7. PAYMENT IN LIEU OF TAXES**

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

**8. INTERFUND BALANCES**

At June 30, 2010, the General Fund had an unpaid interfund cash advance, in the amount of \$840,700, to other governmental funds to provide cash flow resources until the receipt of lunchroom receipts, district managed student activities receipts, and grant monies.

**9. RISK MANAGEMENT**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2010, the School District contracted with various companies for the following insurance coverage:

|  |              |
|--|--------------|
| Building and Contents - Replacement Cost | \$97,089,864 |
| Automobile Liability                     | 1,000,000    |
| Commercial Umbrella                      | 3,000,000    |
| General Liability                        |              |
| Per Occurrence                           | 1,000,000    |
| Aggregate                                | 2,000,000    |

**CELINA CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

**9. RISK MANAGEMENT (Continued)**

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

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

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

**10. DEFINED BENEFIT PENSION PLANS**

**A. State Teachers Retirement System**

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

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

**CELINA CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

**10. DEFINED BENEFIT PENSION PLANS (Continued)**

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

**Funding Policy** - For the fiscal year ended June 30, 2010, plan members were required to contribute 10 percent of their annual covered salary. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the STRS Ohio Board upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contribution for pension obligations to STRS Ohio for the fiscal years ended June 30, 2010, 2009, and 2008 was \$1,541,828, \$1,762,618, and \$1,673,567 respectively; 80 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008. Contributions for the DCP and CP for the fiscal year ended June 30, 2010, were \$33,218 made by the School District and \$23,727 made by plan members.

**B. School Employees Retirement System**

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

**Funding Policy** - For the fiscal year ended June 30, 2010, plan members were required to contribute 10 percent of their annual covered salary and the School District was required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2010, 12.78 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District's required contribution for pension obligations to SERS for the fiscal years ended June 30, 2010, 2009, and 2008 was \$513,646, \$360,485, and \$353,745, respectively; 30 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

**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, 2010, none of the Board of Education members have elected Social Security. The Board's liability is 6.2 percent of wages paid.



**CELINA CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

**11. POSTEMPLOYMENT BENEFITS**

**A. State Teachers Retirement System**

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

**Funding Policy** - Ohio law authorizes STRS Ohio to offer the Health Care Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Health Care Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for postemployment health care may be deducted from employer contributions. For fiscal year 2010, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District's contribution for health care for the fiscal years ended June 30, 2010, 2009, and 2008 was \$121,157, \$135,586, and \$129,297 respectively; 80 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

**B. School Employees Retirement System**

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

**Funding Policy** - State statute permits SERS to fund the health care benefits through employer contributions. Each fiscal year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For fiscal year 2010, .46 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount. For fiscal year 2010, the surcharge amount was \$63,471.

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

The School District's contribution for health care for the fiscal years ended June 30, 2010, 2009, and 2008 was \$18,488, \$164,974, and \$161,425, respectively; 30 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

**CELINA CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

**11. POSTEMPLOYMENT BENEFITS (Continued)**

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare Part B Fund. For fiscal year 2010, this actuarially required allocation was .76 percent of covered payroll. The School District's contribution for Medicare Part B for the fiscal years ended June 30, 2010, 2009, and 2008 was \$30,545, \$29,743, and \$25,488 respectively; 30 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

**12. OTHER EMPLOYEE BENEFITS**

**A. Compensated Absences**

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

Teachers, administrators, and classified employees earn sick leave at a rate of one and one-fourth days per month and for severance purposes may accumulate without limit. For teachers and administrators upon retirement, the School District maintains three severance leave banks as described below and severance leave is based on the same accumulation factor as sick leave. For the purpose of the severance calculation, sick leave accumulation will be unlimited. Upon retirement, payment will be made as follows:

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

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

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

Sick leave may be accumulated to a maximum of two hundred days for classified employees. Upon retirement, classified employees are paid for 33 percent of the accumulated sick leave balance up to 225 days.

**B. Employee Insurance Benefits**

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

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

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

**CELINA CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

**12. OTHER EMPLOYEE BENEFITS (Continued)**

**C. Early Retirement Incentive**

Through August 31, 2011, the School District's Board of Education approved an early retirement incentive program for STRS employees in lieu of a sick leave severance payment. For STRS employees, the Board of Education will purchase, for all eligible employees who make application in accordance with the provision of the plan and the applicable regulations of the State Teachers Retirement System, one year of retirement service credit. Retirement must be completed no less than ninety days after the employee is notified of the purchase of additional service credit by the Board of Education. These expenses are reflected within the General Fund.

**13. LONG-TERM OBLIGATIONS**

Changes in the School District's long-term obligations during fiscal year 2010 were as follows:

|  | <u>Balance at<br/>6/30/09</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance at<br/>6/30/10</u> | <u>Amounts<br/>Due<br/>Within<br/>One Year</u> |
|--|-------------------------------|------------------|-------------------|-------------------------------|--|
| Governmental Activities                |                               |                  |                   |                               |  |
| General Obligation Bonds               |                               |                  |                   |                               |  |
| 2005 School Improvement                |                               |                  |                   |                               |  |
| Refunding                              |                               |                  |                   |                               |  |
| Serial Bonds 2 - 4.25%                 | \$11,320,000                  |                  | \$880,000         | \$10,440,000                  | \$920,000                                      |
| Capital Appreciation Bonds<br>37.0475% | 144,994                       |                  |                   | 144,994                       |  |
| Total General Obligation Bonds         | <u>\$11,464,994</u>           | <u>\$0</u>       | <u>\$880,000</u>  | <u>\$10,584,994</u>           | <u>\$920,000</u>                               |

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

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

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

The School District's overall debt margin was \$22,509,398 with an unvoted debt margin of \$359,743 at June 30, 2010.

Principal and interest requirements to retire general obligation debt outstanding at June 30, 2010, were as follows:

**CELINA CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

**13. LONG-TERM OBLIGATIONS (Continued)**

| <b>Fiscal Year<br/>Ending</b> | <b>General Obligation Bonds</b> |                    |                             |                    |
|-------------------------------|---------------------------------|--------------------|-----------------------------|--------------------|
|                               | <b>Serial</b>                   |                    | <b>Capital Appreciation</b> |                    |
|                               | <b>Principal</b>                | <b>Interest</b>    | <b>Principal</b>            | <b>Interest</b>    |
| 2011                          | \$ 920,000                      | \$ 402,700         |                             |                    |
| 2012                          |                                 | 388,900            | \$ 83,624                   | \$ 886,376         |
| 2013                          |                                 | 388,900            | 61,370                      | 938,630            |
| 2014                          | 1,015,000                       | 368,600            |                             |                    |
| 2015                          | 1,070,000                       | 326,900            |                             |                    |
| 2016-2020                     | 6,200,000                       | 926,181            |                             |                    |
| 2021                          | 1,235,000                       | 26,244             |                             |                    |
| Totals                        | <u>\$10,440,000</u>             | <u>\$2,828,425</u> | <u>\$144,994</u>            | <u>\$1,825,006</u> |

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

**14. FUND BALANCE**

Fund balance is classified as nonspendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in governmental funds.

The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

| <b>Fund Balance</b>                        | <b>General</b>   | <b>Other<br/>Governmental<br/>Funds</b> | <b>Total<br/>Governmental<br/>Funds</b> |
|--|------------------|---|---|
| <b>Restricted for:</b>                     |                  |   |   |
| Unclaimed Monies                           | \$4,133          |   | \$4,133                                 |
| Food Service Operations                    |                  | \$140,066                               | 140,066                                 |
| Athletics/Music                            |                  | 187,511                                 | 187,511                                 |
| Non-Public Schools                         |                  | 33,342                                  | 33,342                                  |
| Education Management<br>Information System |                  | 514                                     | 514                                     |
| Instruction                                |                  | 41,155                                  | 41,155                                  |
| Vocational Training                        |                  | 324,203                                 | 324,203                                 |
| Class Size Reduction                       |                  | 19,053                                  | 19,053                                  |
| Learning Opportunities                     |                  | 11,575                                  | 11,575                                  |
| Drug Abuse Education                       |                  | 15,000                                  | 15,000                                  |
| Special Needs Students                     |                  | 390,187                                 | 390,187                                 |
| Preschool                                  |                  | 189,553                                 | 189,553                                 |
| Remedial Reading                           |                  | 245,476                                 | 245,476                                 |
| Technology Improvements                    |                  | 54                                      | 54                                      |
| <b>Restricted for:</b>                     |                  |   |   |
| Debt Service                               |                  | 717,552                                 | 717,552                                 |
| Capital Improvements                       | 1,655,588        | 1,484                                   | 1,657,072                               |
| Total Restricted                           | <u>1,659,721</u> | <u>2,316,725</u>                        | <u>3,976,446</u>                        |

(Continued)

**CELINA CITY SCHOOL DISTRICT  
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

**14. FUND BALANCE (Continued)**

**Committed to:**

|                           |                |                |                  |
|---------------------------|----------------|----------------|------------------|
| Vocational Training       |                | 42,185         | 42,185           |
| Preschool                 |                | 11,805         | 11,805           |
| Future Severance Payments | 996,304        |                | 996,304          |
| Capital Improvements      |                | 229,605        | 229,605          |
| Total Committed           | <u>996,304</u> | <u>283,595</u> | <u>1,279,899</u> |

**Assigned for:**

|                                       |                     |                    |                     |
|---------------------------------------|---------------------|--------------------|---------------------|
| Unpaid Obligations                    | 698,760             |                    | 698,760             |
| Textbooks and Instructional Materials | 325,002             |                    | 325,002             |
| Educational Activities                | 71,051              |                    | 71,051              |
| Total Assigned for:                   | <u>1,094,813</u>    |                    | <u>1,094,813</u>    |
| Unassigned                            | 8,610,352           |                    | 8,610,352           |
| Total Fund Balance                    | <u>\$12,361,190</u> | <u>\$2,600,320</u> | <u>\$14,961,510</u> |

**15. SET ASIDES**

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

The following cash basis information identifies the changes in the set aside amounts for textbooks and capital improvements during fiscal year 2010.

|                                    | <u>Textbooks</u>     | <u>Capital<br/>Improvements</u> |
|------------------------------------|----------------------|---------------------------------|
| Balance June 30, 2009              | (\$1,018,441)        | \$1,450,073                     |
| Current Year Set Aside Requirement | 474,775              | 474,775                         |
| Qualifying Expenditures            | (863,734)            | (270,514)                       |
| Balance June 30, 2010              | <u>(\$1,407,400)</u> | <u>\$1,654,334</u>              |

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

**16. INTERFUND TRANSFERS**

During fiscal year 2010, the General Fund made transfers to the other governmental funds, in the amount of \$127,651, to subsidize operations in other funds.

**CELINA CITY SCHOOL DISTRICT  
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

**17. JOINTLY GOVERNED ORGANIZATIONS**

**A. Mercer County Local Professional Development Committee**

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

**B. Northwestern Ohio Educational Research Council, Inc.**

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

**C. Northwest Ohio Area Computer Services Cooperative**

The School District is a participant in the Northwest Ohio Area Computer Services Cooperative (NOACSC), which is a computer consortium. NOACSC is an association of educational entities within the boundaries of Allen, Hancock, Mercer, Paulding, Putnam, and Van Wert Counties, and the Cities of St. Marys and Wapakoneta. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member educational entities. The governing board of NOACSC consists of two representatives from each county elected by majority vote of all charter member educational entities within each county. During fiscal year 2010, the School District paid \$34,516 to NOACSC for various services. Financial information can be obtained from the Northwest Ohio Area Computer Services Cooperative, 645 South Main Street, Lima, Ohio 45804.

**18. INSURANCE POOLS**

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

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

**CELINA CITY SCHOOL DISTRICT  
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

**18. INSURANCE POOLS (Continued)**

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

**B. The Mercer Auglaize Schools Employee Benefit Trust**

The Mercer Auglaize Schools Employee Benefit Trust (Trust) is a public entity shared risk pool consisting of eleven local school districts and two educational service centers. The Trust is organized as a Voluntary Employee Benefit Association under Section 501(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, Huntington Bank, concerning aspects of the administration of the Trust.

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

**19. CONTINGENCIES**

**A. Grants**

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2010.

**B. Litigation**

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

**20. ACCOUNTABILITY AND COMPLIANCE**

Ohio Adm. Code Section 117-2-03(B) requires the School District to file annual financial reports, which are prepared using generally accepted accounting principles (GAAP). For fiscal year 2010, the School District prepared financial statements that, although formatted similar to financial statements prescribed by Governmental Accounting Standards Board Statement No. 34, report on the basis of cash receipts and disbursements, rather than GAAP. The accompanying financial statements and notes omit assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time. Pursuant to Ohio Rev. Code Section 117.38, the School District may be fined and subject to various other administrative remedies for its failure to file the required financial report.

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CELINA CITY SCHOOL DISTRICT  
MERCER COUNTY

SCHEDULE OF FEDERAL AWARDS RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

| Federal Grantor/<br>Pass Through Grantor<br>Program Title   | Pass<br>Through<br>Entity<br>Number | Federal<br>CFDA<br>Number | Receipts  | Non-Cash<br>Receipts | Disbursements | Non-Cash<br>Disbursements |
|---|-------------------------------------|---------------------------|-----------|----------------------|---------------|---------------------------|
| <b>U.S. DEPARTMENT OF AGRICULTURE</b>                       |                                     |                           |           |                      |               |                           |
| <i>(Passed through Ohio Department of Education)</i>        |                                     |                           |           |                      |               |                           |
| Child and Adult Care Food Program                           | 2009                                | 10.558                    | \$19,311  |                      | \$19,311      |                           |
|   | 2010                                |                           | 38,492    |                      | 38,492        |                           |
| Total Child and Adult Care Food Program                     |                                     |                           | 57,803    |                      | 57,803        |                           |
| <b>Nutrition Cluster:</b>                                   |                                     |                           |           |                      |               |                           |
| Non-Cash Assistance (food distribution)                     |                                     |                           |           |                      |               |                           |
| National School Lunch Program                               |                                     | 10.555                    |           | \$157,351            |               | \$157,351                 |
| <b>Cash Assistance:</b>                                     |                                     |                           |           |                      |               |                           |
| School Breakfast Program                                    |                                     | 10.553                    | 83,991    |                      | 83,991        |                           |
| National School Lunch Program                               |                                     | 10.555                    | 480,337   |                      | 480,337       |                           |
| Total Nutrition Cluster                                     |                                     |                           | 564,328   |                      | 564,328       |                           |
| Total U.S. Department of Agriculture                        |                                     |                           | 622,131   | 157,351              | 622,131       | 157,351                   |
| <b>U.S. DEPARTMENT OF EDUCATION</b>                         |                                     |                           |           |                      |               |                           |
| <i>(Passed through Ohio Department of Education)</i>        |                                     |                           |           |                      |               |                           |
| Special Education Cluster                                   |                                     |                           |           |                      |               |                           |
| Special Education - Grants to States                        | 2009                                | 84.027                    | (1,138)   |                      | 22,711        |                           |
|   | 2010                                |                           | 511,655   |                      | 507,651       |                           |
| ARRA - Special Education - Grants to States                 | 2010                                | 84.391                    | 447,861   |                      | 446,678       |                           |
| Total Special Education - Grants to States                  |                                     |                           | 958,378   |                      | 977,040       |                           |
| Special Education Preschool Grants                          | 2009                                | 84.173                    | 9,232     |                      | 1,711         |                           |
|   | 2010                                |                           | 22,921    |                      | 29,669        |                           |
|   | 2010                                |                           | 225       |                      | 225           |                           |
| ARRA - Special Education Preschool Grants                   | 2010                                | 84.392                    | 10,062    |                      | 10,696        |                           |
| Total Special Education Preschool Grants                    |                                     |                           | 42,440    |                      | 42,301        |                           |
| Total Special Education Cluster                             |                                     |                           | 1,000,818 |                      | 1,019,341     |                           |
| ARRA - Title I Grants to Local Educational Agencies         | 2010                                | 84.389                    | 99,000    |                      | 95,899        |                           |
| Title I Grants to Local Educational Agencies                | 2009                                | 84.010                    | (2,349)   |                      | 23            |                           |
|   | 2010                                |                           | 363,394   |                      | 331,018       |                           |
|   |                                     |                           | 361,045   |                      | 331,041       |                           |
| Total Title 1 Grants to Local Educational Agencies          |                                     |                           | 460,045   |                      | 426,940       |                           |
| Improving Teacher Quality State Grants                      | 2009                                | 84.367                    | (6,542)   |                      | 377           |                           |
|   | 2010                                |                           | 134,618   |                      | 128,065       |                           |
| Total Improving Teacher Quality State Grants                |                                     |                           | 128,076   |                      | 128,442       |                           |
| Vocational Education - Basic Grants to States               | 2009                                | 84.048                    | 17,654    |                      | 18,386        |                           |
|   | 2010                                |                           | 108,874   |                      | 104,200       |                           |
| Total Vocational Education - Basic Grants to States         |                                     |                           | 126,528   |                      | 122,586       |                           |
| Safe & Drug Free Schools and Communities-State Grants       | 2009                                | 84.186                    | (174)     |                      |               |                           |
|   | 2010                                |                           | 3,614     |                      | 3,614         |                           |
| Total Safe & Drug Free Schools and Communities-State Grants |                                     |                           | 3,440     |                      | 3,614         |                           |
| State Grants For Innovative Programs                        | 2009                                | 84.298                    | 5,799     |                      | 6,231         |                           |
| Education Technology State Grants                           | 2009                                | 84.318                    | 214       |                      |               |                           |
|   | 2010                                |                           | 3,782     |                      | 3,782         |                           |
| Total Education Technology State Grants                     |                                     |                           | 3,996     |                      | 3,782         |                           |

CELINA CITY SCHOOL DISTRICT  
MERCER COUNTY

SCHEDULE OF FEDERAL AWARDS RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)

| Federal Grantor/<br>Pass Through Grantor<br>Program Title | Pass<br>Through<br>Entity<br>Number | Federal<br>CFDA<br>Number | Receipts    | Non-Cash<br>Receipts | Disbursements | Non-Cash<br>Disbursements |
|---|-------------------------------------|---------------------------|-------------|----------------------|---------------|---------------------------|
| <b>U.S. DEPARTMENT OF EDUCATION (Continued)</b>           |                                     |                           |             |                      |               |                           |
| <i>(Passed through Ohio Department of Education)</i>      |                                     |                           |             |                      |               |                           |
| 21st Century Community Learning Center                    | 2009                                | 84.287                    |             |                      | 5,905         |                           |
|   | 2010                                | 84.287                    | 185,660     |                      | 189,085       |                           |
| Total 21st Century Grants                                 |                                     |                           | 185,660     |                      | 194,990       |                           |
| ARRA - State Fiscal Stabilization Fund                    | 2010                                | 84.394                    | 655,304     |                      | 614,149       |                           |
| School Improvement Grant                                  | 2010                                | 84.377                    | 6,000       |                      |               |                           |
| Total U. S. Department of Education                       |                                     |                           | 2,575,666   |                      | 2,520,075     |                           |
| <b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>       |                                     |                           |             |                      |               |                           |
| <i>(Direct Program)</i>                                   |                                     |                           |             |                      |               |                           |
| Headstart Program   | 2009                                | 93.600                    | 597,937     |                      | 592,862       |                           |
|   | 2010                                |                           | 4,984       |                      | 4,984         |                           |
|   | 2010                                |                           | 596,063     |                      | 596,043       |                           |
| Total Headstart   |                                     |                           | 1,198,984   |                      | 1,193,889     |                           |
| ARRA - Headstart Program                                  | 2010                                | 93.708                    | 57,820      |                      | 57,838        |                           |
| Total Headstart Program                                   |                                     |                           | 1,256,804   |                      | 1,251,727     |                           |
| Total U.S. Department of Health and Human Services        |                                     |                           | 1,256,804   |                      | 1,251,727     |                           |
| Total Federal Assistance                                  |                                     |                           | \$4,454,601 | \$157,351            | \$4,393,933   | \$157,351                 |

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

**CELINA CITY SCHOOL DISTRICT  
MERCER COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS  
RECEIPTS AND DISBURSEMENTS  
FISCAL YEAR ENDED JUNE 30, 2010**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B – FOOD DONATION PROGRAM**

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

**NOTE C – NUTRITION CLUSTER PROGRAM**

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

**NOTE D – PROGRAM YEAR TRANSFERS**

The negative receipts reported on the schedule for CFDA # 84.027, 84.010, 84.367, and 84.186 represent transfers between the 2009 and 2010 program years within the same CFDA number. These transfers are recorded as a negative receipt in the transferring fund/special cost center and a positive receipt in the receiving fund/special cost center.

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# Dave Yost • Auditor of State

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

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

To the Board of Education:

We have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Celina City School District, Mercer County, (the School District) as of and for the year ended June 30, 2010, which collectively comprise the School District's basic financial statements and have issued our report thereon dated February 11, 2011, wherein we noted the School District adopted the provisions of Government Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. We also noted the School District uses a comprehensive accounting basis other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the School District's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

### **Compliance and Other Matters**

As part of reasonably assuring whether the School District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2010-001.

We also noted certain matters not requiring inclusion in this report that we reported to the School District's management in a separate letter dated February 11, 2011.

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

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



**Dave Yost**  
Auditor of State

February 11, 2011



# Dave Yost • Auditor of State

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

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

To the Board of Education:

### Compliance

We have audited the compliance of Celina City School District, Mercer County, (the School District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of Celina City School District's major federal programs for the year ended June 30, 2010. The summary of auditor's results section of the accompanying schedule of findings identifies the School District's major federal programs. The School District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the School 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 included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the School District's compliance with those requirements.

In our opinion, the Celina City School District complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2010.

### Internal Control Over Compliance

The School District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the School District's internal control over compliance with requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the School District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

We also noted matters involving federal compliance or internal control over federal compliance not requiring inclusion in this report that we reported to the School District's management in a separate letter dated February 11, 2011.

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



**Dave Yost**  
Auditor of State

February 11, 2011



**CELINA CITY SCHOOL DISTRICT  
MERCER COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2010**

**1. SUMMARY OF AUDITOR'S RESULTS**

|              |  |   |
|--------------|--|---|
| (d)(1)(i)    | Type of Financial Statement Opinion  | Unqualified   |
| (d)(1)(ii)   | Were there any material control weaknesses reported at the financial statement level (GAGAS)?                  | No  |
| (d)(1)(ii)   | Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)? | No  |
| (d)(1)(iii)  | Was there any reported material noncompliance at the financial statement level (GAGAS)?                        | Yes   |
| (d)(1)(iv)   | Were there any material internal control weaknesses reported for major federal programs?                       | No  |
| (d)(1)(iv)   | Were there any significant deficiencies in internal control 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(a)?   | No  |
| (d)(1)(vii)  | Major Programs (list):   | CFDA #93.600 / 93.708: Head Start<br>CFDA #84.173 / 84.027 / 84.391 / 84.392: Special Education Cluster<br>CFDA #84.394: State Fiscal Stabilization Fund<br>CFDA #84.010 / 84.389: Title I Grants to Local Educational Agencies<br>CFDA #84.287: 21 <sup>st</sup> Century Grant |
| (d)(1)(viii) | Dollar Threshold: Type A\B Programs  | Type A: > \$ 300,000<br>Type B: all others  |
| (d)(1)(ix)   | Low Risk Auditee?  | No  |

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

**FINDING NUMBER 2010-01**

**Noncompliance**

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

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

In order to present financial statements that present assets, liabilities and disclosures required to accurately present the School District's financial condition, the School District should prepare its annual financial statements in accordance with generally accepted accounting principles.

**Official's Response:**

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

**CELINA CITY SCHOOL DISTRICT  
MERCER COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A -133 § .315 (b)  
JUNE 30, 2010**

| Finding Number | Finding Summary   | Fully Corrected? | Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b> |
|----------------|---|------------------|--|
| 2009-001       | ORC Sec. 117.38 & OAC Sec. 117-2-03(B) – Failed to prepare financial statements in accordance with Generally Accepted Accounting Principles | No               | See finding 2010-001   |
| 2009-002       | Purchase Orders – Outstanding Purchase Orders were not for valid purchase commitments and were subsequently closed                          | Yes              |  |
| 2009-003       | 34 CFR 80.23 / 34 CFR 76.707 (CFDA #84.010 – Title I) – Funds not obligation in the correct period of availability                          | Yes              |  |

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# Dave Yost • Auditor of State

**CELINA CITY SCHOOL DISTRICT**

**MERCER COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MARCH 29, 2011**