

CELINA CITY SCHOOL DISTRICT
MERCER COUNTY, OHIO

SINGLE AUDIT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2023

OHIO AUDITOR OF STATE
KEITH FABER



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Board of Education
Celina City School District
585 East Livingston Street
Celina, Ohio 45822

We have reviewed the *Independent Auditor's Report* of Celina City School District, Mercer County, prepared by Julian & Grube, Inc., for the audit period July 1, 2022 through June 30, 2023. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Celina City School District is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

April 09, 2024

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**CELINA CITY SCHOOL DISTRICT
MERCER COUNTY, OHIO**

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Independent Auditor's Report

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

To the Members of the Board of Education:

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Celina City School District, Mercer County, Ohio, as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Celina City School District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Celina City School District, as of June 30, 2023, and the respective changes in cash basis financial position, thereof and the budgetary comparison for the General Fund for the fiscal year then ended in accordance with the cash basis of accounting described in Note 2.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the "*Auditor's Responsibilities for the Audit of the Financial Statements*" section of our report. We are required to be independent of the Celina City School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

Ohio Administrative Code § 117-2-03(B) requires the Celina City School District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 2, and for determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Celina City School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Celina City School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Celina City School District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Celina City School District's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 23, 2024 on our consideration of the Celina City School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Celina City School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Celina City School District's internal control over financial reporting and compliance.



Julian & Grube, Inc.
February 23, 2024

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Celina City School District
Statement of Net Position - Cash Basis
June 30, 2023

	Governmental Activities
<u>Assets</u>	
Equity in Pooled Cash and Cash Equivalents	\$86,596,339
<u>Net Position</u>	
Restricted for:	
Debt Service	\$1,358,912
Capital Projects	74,236,468
Athletics and Music	479,050
Food Service	461,644
Classroom Facilities Maintenance	418,071
School Safety	600,000
Student Activities	119,378
Other Purposes	145,601
Unrestricted	8,777,215
Total Net Position	\$86,596,339

See Accompanying Notes to the Basic Financial Statements

Celina City School District
Statement of Activities - Cash Basis
For the Fiscal Year Ended June 30, 2023

	Program Cash Receipts		
	Disbursements	Charges for Services	Operating Grants, Contributions, and Interest
<u>Governmental Activities</u>			
Instruction:			
Regular	\$13,816,446	\$438,968	\$288,391
Special	7,561,917	25,752	4,915,092
Vocational	1,326,667	138,030	181,891
Adult/Continuing	26,669	38,412	0
Support Services:			
Pupils	3,015,314	0	316,145
Instructional Staff	1,501,132	0	97,019
Board of Education	154,594	0	0
Administration	2,466,781	0	0
Fiscal	1,021,355	899	0
Business	182,628	0	0
Operation and Maintenance			
of Plant	2,510,696	0	18,021
Pupil Transportation	1,925,008	59,048	102,510
Central	153,898	0	13,305
Noninstructional Services	1,669,374	488,576	1,050,981
Extracurricular Activities	1,041,566	662,047	137,270
Capital Outlay	8,656,334	0	0
Debt Service:			
Principal Retirement	915,000	0	0
Interest	2,215,963	0	0
Total Governmental Activities	\$50,161,342	\$1,851,732	\$7,120,625

General Receipts

Property Taxes Levied for:
General Purposes
Debt Service
Permanent Improvements
Income Taxes
Payment in Lieu of Taxes
Grants and Entitlements not Restricted to Specific Programs
Investment Earnings and Other Interest
Gifts and Donations
Miscellaneous

Total General Receipts

Change in Net Position

Net Position at Beginning of Year

Net Position at End of Year

See Accompanying Notes to the Basic Financial Statements

Net (Disbursement)
Receipt and Change
in Net Position

Governmental
Activities

(\$13,089,087)
(2,621,073)
(1,006,746)
11,743

(2,699,169)
(1,404,113)
(154,594)
(2,466,781)
(1,020,456)
(182,628)

(2,492,675)
(1,763,450)
(140,593)
(129,817)
(242,249)
(8,656,334)

(915,000)
(2,215,963)

(\$41,188,985)

13,018,473
3,557,265
237,151
4,610,660
329,743
18,471,862
1,436,357
32,607
381,374

42,075,492

886,507

85,709,832

\$86,596,339

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Celina City School District
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
June 30, 2023

	General	Building	Classroom Facilities	Other Governmental	Total
<u>Assets</u>					
Equity in Pooled Cash and Cash Equivalents	\$7,476,292	\$20,836,329	\$53,400,139	\$4,878,641	\$86,591,401
Restricted Assets					
Equity in Pooled Cash and Cash Equivalents	4,938	0	0	0	4,938
Total Assets	<u>\$7,481,230</u>	<u>\$20,836,329</u>	<u>\$53,400,139</u>	<u>\$4,878,641</u>	<u>\$86,596,339</u>
<u>Fund Balances</u>					
Nonspendable	4,938	0	0	0	4,938
Restricted	0	20,836,329	53,400,139	3,577,718	77,814,186
Committed	495,404	0	0	1,300,923	1,796,327
Assigned	850,221	0	0	0	850,221
Unassigned	6,130,667	0	0	0	6,130,667
Total Fund Balances	<u>\$7,481,230</u>	<u>\$20,836,329</u>	<u>\$53,400,139</u>	<u>\$4,878,641</u>	<u>\$86,596,339</u>

See Accompanying Notes to the Basic Financial Statements

Celina City School District
Statement of Cash Receipts, Cash Disbursements,
and Changes in Cash Basis Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2023

	General	Building	Classroom Facilities	Other Governmental
<u>Receipts</u>				
Property Taxes	\$13,018,473	\$0	\$0	\$3,794,416
Income Taxes	4,610,660	0	0	0
Payment in Lieu of Taxes	0	0	0	329,743
Intergovernmental	13,787,125	0	5,603,788	6,063,708
Investment Earnings and Other Interest	201,564	329,098	873,444	32,608
Tuition and Fees	562,180	0	0	0
Charges for Services	144,825	0	0	488,576
Extracurricular Activities	141,531	0	0	520,516
Gifts and Donations	32,607	0	0	137,509
Miscellaneous	258,127	0	0	123,247
Total Receipts	32,757,092	329,098	6,477,232	11,490,323
<u>Disbursements</u>				
Current:				
Instruction:				
Regular	13,556,469	0	0	260,035
Special	5,610,533	0	0	1,953,220
Vocational	1,108,811	0	0	217,856
Adult/Continuing	26,669	0	0	0
Support Services:				
Pupils	2,342,533	0	0	673,648
Instructional Staff	925,965	0	0	575,341
Board of Education	154,594	0	0	0
Administration	2,252,355	0	0	214,740
Fiscal	939,026	0	0	82,329
Business	179,558	0	0	3,070
Operation and Maintenance of Plant	2,404,235	0	0	106,461
Pupil Transportation	1,394,375	0	0	530,887
Central	126,862	0	0	27,036
Noninstructional Services	0	0	0	1,671,767
Extracurricular Activities	592,295	0	0	449,271
Capital Outlay	0	1,128,612	7,527,722	0
Debt Service:				
Principal Retirement	0	0	0	915,000
Interest	0	0	0	2,215,963
Total Disbursements	31,614,280	1,128,612	7,527,722	9,896,624
Excess of Receipts Over (Under) Disbursements	1,142,812	(799,514)	(1,050,490)	1,593,699
<u>Other Financing Sources (Uses):</u>				
Transfers In	0	0	0	5,000
Advances In	0	0	0	1,514,805
Transfers Out	(5,000)	0	0	0
Advances Out	(1,514,805)	0	0	0
Total Other Financing Sources (Uses)	(1,519,805)	0	0	1,519,805
Changes in Fund Balances	(376,993)	(799,514)	(1,050,490)	3,113,504
Fund Balances at Beginning of Year	7,858,223	21,635,843	54,450,629	1,765,137
Fund Balances at End of Year	\$7,481,230	\$20,836,329	\$53,400,139	\$4,878,641

See Accompanying Notes to the Basic Financial Statements

<u>Total</u>
\$16,812,889
4,610,660
329,743
25,454,621
1,436,714
562,180
633,401
662,047
170,116
381,374
<u>51,053,745</u>

13,816,504
7,563,753
1,326,667
26,669

3,016,181
1,501,306
154,594
2,467,095
1,021,355
182,628
2,510,696
1,925,262
153,898
1,671,767
1,041,566
8,656,334

915,000
<u>2,215,963</u>

<u>50,167,238</u>

886,507

5,000
1,514,805
(5,000)
<u>(1,514,805)</u>

<u>0</u>

886,507

<u>85,709,832</u>

<u><u>\$86,596,339</u></u>

Celina City School District
Statement of Receipts, Disbursements, and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<u>Receipts</u>				
Property Taxes	\$12,260,000	\$13,570,000	\$13,018,473	(\$551,527)
Income Taxes	2,799,613	4,610,613	4,610,660	47
Intergovernmental	14,880,000	14,022,200	13,787,125	(235,075)
Interest	126,400	156,400	201,564	45,164
Tuition and Fees	1,330,249	940,249	562,180	(378,069)
Charges for Services	126,000	126,000	144,825	18,825
Extracurricular Activities	197,600	207,600	141,531	(66,069)
Gifts and Donations	31,025	35,225	32,607	(2,618)
Miscellaneous	142,875	205,375	233,987	28,612
Total Receipts	31,893,762	33,873,662	32,732,952	(1,140,710)
<u>Disbursements</u>				
Current:				
Instruction:				
Regular	12,430,599	14,674,473	13,352,307	1,322,166
Special	5,125,243	6,631,491	5,629,891	1,001,600
Vocational	2,251,391	558,852	1,109,811	(550,959)
Adult/Continuing	53,050	53,051	26,758	26,293
Student Intervention Services	146,663	146,663	18,307	128,356
Other	283,949	283,949	222,870	61,079
Support Services:				
Pupils	1,929,788	1,531,192	2,353,304	(822,112)
Instructional Staff	1,332,370	1,073,803	1,007,198	66,605
Board of Education	436,051	311,432	209,677	101,755
Administration	2,128,714	1,250,127	2,267,442	(1,017,315)
Fiscal	982,906	943,194	968,300	(25,106)
Business	223,214	259,138	192,599	66,539
Operation and Maintenance of Plant	3,868,694	3,763,615	2,638,828	1,124,787
Pupil Transportation	1,499,459	1,708,362	1,495,548	212,814
Central	240,308	138,693	149,662	(10,969)
Extracurricular Activities	670,893	273,612	592,389	(318,777)
Capital Outlay	51,098	51,098	0	51,098
Total Disbursements	33,654,390	33,652,745	32,234,891	1,417,854
Excess of Receipts Over (Under) Disbursements	(1,760,628)	220,917	498,061	277,144
<u>Other Financing Uses</u>				
Transfers Out	(158,000)	(158,000)	(5,000)	153,000
Advances Out	0	(1,514,805)	(1,514,805)	0
Total Other Financing Uses	(158,000)	(1,672,805)	(1,519,805)	153,000
Changes in Fund Balance	(1,918,628)	(1,451,888)	(1,021,744)	430,144
Fund Balance at Beginning of Year	6,439,055	6,439,055	6,439,055	0
Prior Year Encumbrances Appropriated	1,419,168	1,419,168	1,419,168	0
Fund Balance at End of Year	\$5,939,595	\$6,406,335	\$6,836,479	\$430,144

See Accompanying Notes to the Basic Financial Statements

Celina City School District
Statement of Cash Basis Fiduciary Net Position
Fiduciary Funds
June 30, 2023

		Custodial
	Private Purpose Trust	Tri-Star Career Compact
<u>Assets</u>		
Equity in Pooled Cash and Cash Equivalents	\$72,935	\$2,672,756
Cash and Cash Equivalents in Segregated Accounts	0	399,905
Cash and Cash Equivalents with Fiscal Agents	67,016	0
Total Assets	\$139,951	\$3,072,661
<u>Net Position</u>		
Held in Trust for Scholarships	\$139,951	\$0
Restricted for Pool Participants	0	3,072,661
Total Net Position	\$139,951	\$3,072,661

See Accompanying Notes to the Basic Financial Statements

Celina City School District
Statement of Cash Basis Change in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2023

	Private Purpose Trust	Custodial Tri-Star Career Compact
<u>Additions</u>		
Interest	\$23,036	\$7,443
Gifts and Donations	7,552	0
Total Additions before Capital Transactions	30,588	7,443
Capital Transactions:		
Amounts Invested	0	6,000,279
Amounts Distributed	0	(5,667,488)
Net Capital Transactions	0	332,791
Total Additions	30,588	340,234
<u>Deductions</u>		
Noninstructional Services	11,086	0
Distributions to Participants	0	7,443
Total Deductions	11,086	7,443
Change in Net Position	19,502	332,791
Net Position at Beginning of Year	120,449	2,739,870
Net Position at End of Year	\$139,951	\$3,072,661

See Accompanying Notes to the Basic Financial Statements

Celina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Note 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 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 classified employees, two hundred sixteen certified teaching personnel, and twenty-eight administrative employees who provide services to 2,401 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 ensure 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, and there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the School District. 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 one jointly governed organization, three insurance pools, and a joint venture. These organizations are the Northwest Ohio Area Computer Services Cooperative, the Ohio School Plan, the Ohio School Boards Association Workers’ Compensation Group Rating Plan, the Southwestern Ohio Educational Purchasing Council Insurance Program, and the Tri-Star Career Compact. These organizations are presented in Notes 20, 21, and 22 to the basic financial statements, respectively. Tri-Star Career Compact is reported as an external investment pool fund under the custodial fund classification as these amounts are not held in trust that meets the specified criteria but it represents the external portion of an investment pool.

Celina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Note 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. 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 position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net position 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 position 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 or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the School District's general receipts. In fiscal year 2023, receipts in the amount of \$600,000 were received and reflected as general revenue as the program has not been assigned.

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. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

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.

Celina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Note 2 - Summary of Significant Accounting Policies (continued)

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 major funds are the General Fund and the Building and Classroom Facilities capital projects funds.

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.

Building Fund - The Building Fund is used to account for bond proceeds restricted to acquire, construct, or improve capital facilities.

Classroom Facilities Fund - The Classroom Facilities Fund is used to account for resources received from the Ohio Facilities Construction Commission and restricted for the building and equipping of classroom facilities.

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

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension (and other employee benefit) trust funds, investment trust funds, private purpose trust funds, and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that have certain characteristics. The School District reports the external portion of its investment pool in a separate external investment pool fund under the custodial fund classification as these amounts are not held in a trust that meets the specified criteria.

The School District's private purpose trust fund accounts for college scholarships for students after graduation. The School District's Tri-Star Career Compact fund under the custodial fund classification accounts for the external portion of the School District's investment pool.

C. Basis of Accounting

The School District's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the School District's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in the financial statements.

Note 2 - Summary of Significant Accounting Policies (continued)

D. Budgetary Process

All funds, except custodial funds, are legally required to be budgeted and appropriated. The major documents prepared are the alternative tax budget (five-year forecast), 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 first digit object level for the General Fund and the fund level in all other funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education. Budgetary allocations at the function level in the General Fund and function and object level in all other funds 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 final amended certificate of estimated resources requested by the School District prior to year end.

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.

E. 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".

Cash and cash equivalents that are held separately by the Mercer County Civic Foundation for the enhancement of the Tri-Star Career Compact are recorded as "Cash and Cash Equivalents in Segregated Accounts."

Cash and cash equivalents held separately by the Mercer County Civic Foundation for the investment of scholarship funds are recorded as "Cash and Cash Equivalents with Fiscal Agents".

During fiscal year 2023, the School District's investments included federal agency securities, U.S. Treasury securities, and mutual funds. Investments are reported at cost, except mutual funds which are reported at current share price.

Celina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Note 2 - Summary of Significant Accounting Policies (continued)

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of investment earnings and other interest earnings. Investment earnings and other interest revenue credited to the General Fund during fiscal year 2023 was \$201,564 which included \$79,344 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.

F. 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. Restricted assets in the General Fund represent unclaimed monies that have a legal restriction on their use.

G. Capital Assets

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

H. 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.

I. Long-Term Obligations

The School District's cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when disbursements paid.

J. Net Position

Net position is reported as restricted when there are limitations imposed on its use either through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes includes resources restricted for food service operations, music and athletic programs, student activities, 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 position is available.

Note 2 - Summary of Significant Accounting Policies (continued)

K. 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:

Nonspendable - The nonspendable 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. Assigned amounts represent intended uses established by the Board of Education. The Board of Education has authorized the Treasurer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. Certain resources have also been assigned for various educational and staff activities.

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.

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.

L. Pension/Postemployment Benefits

For purposes of measuring the net pension/OPEB liability (asset), deferred outflows of resources, and deferred inflows of resources related to pension/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

Celina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Note 3 - Compliance

The following funds had expenditures plus encumbrances in excess of appropriations for the fiscal year ended June 30, 2023.

Fund	Appropriations	Expenditures Plus Encumbrances	Excess
Headstart Kinnect Grant	\$0	\$5,147	\$5,147
Classroom Facilities Maintenance	0	4,960	4,960
Student Activities	208,196	248,333	40,137
Miscellaneous State Grants	63,928	81,250	17,322
Classroom Facilities	44,097,917	44,997,095	899,178

The Treasurer will review expenditures to ensure amounts are within amounts appropriated.

For the fiscal year ended June 30, 2023, Student Wellness special revenue fund had final appropriations in excess of estimated resources, in the amount \$75,257. The Treasurer will monitor appropriations to ensure they are within amounts available.

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

Note 4 - Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash, receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements, and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual presented for the General Fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances which are treated as cash disbursements (budgetary basis) rather than as committed or assigned fund balance (cash basis). The General Fund encumbrances outstanding at year end (budgetary basis) were \$620,611.

Note 5 - 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.

Celina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Note 5 - Deposits and Investments (continued)

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.

Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

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, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio and, with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio (if training requirements have been met);
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) and repurchase agreements secured by such obligations provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio); and

Celina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Note 5 - Deposits and Investments (continued)

8. Certain bankers' acceptances for a period not to exceed one hundred eighty days and commercial paper notes for a period not to exceed two hundred seventy days in an amount not to exceed 40 percent of the interim monies available for investment at any one time (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. Except as noted above, an investment must mature within five years from the date of settlement, unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity.

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

Investments

The School District reports their investments at cost or fair value. The fair value of the investments reported at cost is not materially different from cost. As of June 30, 2023, the School District had the following investments:

Measurement/Investment	Measurement Amount	Up to Six Months	Six Months to One Year	One Year to Two Years
Cost				
Federal Farm Credit Bank Notes	\$3,000,000	\$1,000,000	\$0	\$2,000,000
Federal Home Loan Bank Notes	16,750,040	2,000,000	5,750,016	9,000,024
U.S. Treasury Bills	42,646,011	40,126,426	2,519,585	0
Fair Value				
Mutual Funds	792,262	792,262	0	0
Total Investments	\$63,188,313	\$43,918,688	\$8,269,601	\$11,000,024

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

Celina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Note 5 - Deposits and Investments (continued)

The following table indicates the percentage of each investment type to the School District's total portfolio:

	Cost Value	Percentage of Portfolio
Federal Farm Credit Bank	\$3,000,000	4.75%
Federal Home Loan Bank	16,750,040	26.51
U.S. Treasury	42,646,011	67.49

Note 6 - Investment Pool

The School District serves as fiscal agent for the Tri-Star Career Compact, a legally separate entity. The School District pools the monies of this entity with the School District's for investment purposes. Participation in the pool is voluntary. The School District cannot allocate its investments between the internal and external investment pools. The investment pool is not registered with the SEC as an investment company.

Condensed financial information for the investment pool is as follows:

Statement of Net Position
For the Fiscal Year Ended June 30, 2023

<u>Assets</u>	
Equity in Pooled Cash and Cash Equivalents	\$89,342,030
<u>Net Position Held in Trust for Pool Participants</u>	
Internal Portion	\$86,669,274
External Portion	2,672,756
Total Net Position Held in Trust for Pool Participants	\$89,342,030

Statement of Changes in Net Position
For the Fiscal Year Ended June 30, 2023

<u>Additions</u>	
Investment Earnings	\$1,467,193
Capital Transactions	1,240,350
Total Additions	2,707,543
<u>Deductions</u>	
Distributions paid to Participants	1,467,193
Change in Net Position	1,240,350
Net Position Beginning of Year	88,101,680
Net Position End of Year	\$89,342,030

See Note 5 for description of investments.

Celina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Note 7 - 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 and public utility property located in the School District. Real property tax revenues received in calendar year 2023 represent the collection of calendar year 2022 taxes. Real property taxes received in calendar year 2023 were levied after April 1, 2022, on the assessed values as of January 1, 2022, 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 2023 represent the collection of calendar year 2022 taxes. Public utility real and tangible personal property taxes received in calendar year 2023 became a lien on December 31, 2021, were levied after April 1, 2022, 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.

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, 2023, are available to finance fiscal year 2023 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

The assessed values upon which fiscal year 2023 taxes were collected are:

	2022 Second- Half Collections		2023 First- Half Collections	
	Amount	Percent	Amount	Percent
Real	\$462,176,300	96.94%	\$468,928,800	96.96%
Public Utility	14,601,310	3.06	14,680,480	3.04
Total Assessed Value	<u>\$476,777,610</u>	<u>100.00%</u>	<u>\$483,609,280</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$42.05		\$41.95	

Celina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Note 8 - Tax Abatements

The School District’s property taxes were reduced as follows under community reinvestment area and enterprise zone agreements entered into by overlapping governments.

Overlapping Government	Amount of Fiscal Year 2023 Taxes Abated
Community Reinvestment Area City of Celina	\$205,030
Enterprise Zone Tax Exemption Mercer County	177,585
	\$382,615

Note 9 - Income Taxes

The School District levies a voted tax of 1 percent for general operations on the income of residents and of estates. The tax levy was effective on January 1, 2019, 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.

Note 10 - Payment in Lieu of Taxes

In accordance with agreements related to tax increment financing districts, 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.

Note 11 - 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 2023, the School District contracted with the Ohio School Plan for the following insurance coverage:

Building and Contents - Replacement Cost	\$122,261,054
Automobile Liability	5,000,000
General Liability	
Per Occurrence	5,000,000
Aggregate	7,000,000

Celina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Note 11 - Risk Management (continued)

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

For fiscal year 2023, the School District participated in the Ohio School Plan (Plan), an insurance purchasing pool. Each participant enters into an individual agreement with the Plan for insurance coverage and pays annual premiums to the Plan based on the types and limits of coverage and deductibles selected by the participant.

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 Sedgwick provides administrative, cost control, and actuarial services to the plan.

The School District participates in the Southwestern Ohio Educational Purchasing Council Insurance Program (SOEPC), a public entity shared risk pool, for medical and dental insurance. The Executive Committee of SOEPC is responsible for its management and operation.

Note 12 - Contractual Commitments

At fiscal year end, the amount of significant encumbrances expected to be honored upon performance by the vendor in fiscal year 2024 are as follows:

General Fund	\$620,611
Building	8,090,855
Classroom Facilities	37,469,373
Other Governmental Funds	857,958
Total	<u>\$47,038,797</u>

Note 13 - Defined Benefit Pension Plans

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

Net Pension Liability/Net OPEB Liability (Asset)

Pensions and OPEB are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions/OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period.

Celina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Note 13 - Defined Benefit Pension Plans (continued)

The net pension/OPEB liability (asset) represent the School District's proportionate share of each pension/OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plan's fiduciary net position. The net pension/OPEB liability (asset) calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

Ohio Revised Code limits the School District's obligation for this liability to annually required payments. The School District cannot control benefit terms or the manner in which pensions/OPEB are financed; however, the School District does receive the benefit of employees' services in exchange for compensation including pension and OPEB.

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

The net pension/net OPEB liability (asset) are not reported on the face of the financial statements, but rather are disclosed in the notes because of the use of the cash basis framework.

The remainder of this note includes the required pension disclosures. See Note 14 for the required OPEB disclosures.

Plan Description - School Employees Retirement System (SERS)

Plan Description – School District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS' fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Celina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Note 13 - Defined Benefit Pension Plans (continued)

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire on or after August 1, 2017
Full Benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

* Members with 25 years of service credit as of August 1, 2017, will be included in this plan.

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on years of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. New benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. The COLA is indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. The Retirement Board approved a 2.5 percent COLA for calendar year 2023.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2023, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2023, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The School District’s contractually required contribution to SERS was \$686,578 for fiscal year 2023.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – School District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple employer public employee system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information, and detailed information about STRS’ fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at www.strsoh.org.

Celina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Note 13 - Defined Benefit Pension Plans (continued)

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan, and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307.

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent upon a determination by its actuary that it was necessary to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of-living increases are not affected by this change. Effective July 1, 2022, an ad-hoc COLA of 3 percent of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2023 as long as they retired prior to July 1, 2018. Eligibility changes will be phased in until August 1, 2023, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

Eligibility changes for DB Plan members who retire with actuarially reduced benefits will be phased in until August 1, 2023, when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit regardless of age.

The DC Plan allows members to place all their member contributions and 9.53 percent of the 14 percent employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS. The remaining 4.47 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12 percent of the 14 percent member rate is deposited into the member's DC account and the remaining 2 percent is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age fifty and after termination of employment.

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

Celina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Note 13 - Defined Benefit Pension Plans (continued)

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. New members on or after July 1, 2013, must have at least ten years of qualifying service credit that apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. Eligible survivors of members who die before service retirement may qualify for monthly benefits. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The 2023 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For 2023, the full employer contribution was allocated to pension.

The School District's contractually required contribution to STRS was \$2,277,902 for fiscal year 2023.

Net Pension Liability

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net Pension Liability:			
Current Measurement Date	0.13093728%	0.11788115%	
Prior Measurement Date	<u>0.13729952%</u>	<u>0.11720616%</u>	
Change in Proportionate Share	<u>-0.00636224%</u>	<u>0.00067499%</u>	
Proportionate Share of the Net Pension Liability	\$7,082,106	\$26,205,128	\$33,287,234

Actuarial Assumptions - SERS

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Celina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Note 13 - Defined Benefit Pension Plans (continued)

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2022, are presented below:

	June 30, 2022
Inflation	2.4 percent
Future Salary Increases, including inflation COLA or Ad Hoc COLA	3.25 percent to 13.58 percent 2.0 percent, on or after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement
Investment Rate of Return	7.00 percent net of System expenses
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)

Mortality rates were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

The most recent experience study was completed for the five year period ended June 30, 2020.

The long-term return expectation for the Pension Plan Investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating an arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes.

Celina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Note 13 - Defined Benefit Pension Plans (continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	2.00 %	(0.45) %
US Equity	24.75	5.37
Non-US Equity Developed	13.50	6.22
Non-US Equity Emerging	6.75	8.22
Fixed Income/Global Bonds	19.00	1.20
Private Equity	11.00	10.05
Real Estate/Real Assets	16.00	4.87
Multi-Asset Strategy	4.00	3.39
Private Debt/Private Credit	3.00	5.38
Total	<u>100.00 %</u>	

Discount Rate - The total pension liability for 2022 was calculated using the discount rate of 7.00 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.00 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.00 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent), or one percentage point higher (8.00 percent) than the current rate.

	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
School District's proportionate share of the net pension liability	\$10,424,523	\$7,082,106	\$4,266,166

Celina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Note 13 - Defined Benefit Pension Plans (continued)

Actuarial Assumptions - STRS

Key methods and assumptions used in the June 30, 2022, actuarial valuation are presented below:

	June 30, 2022
Inflation	2.50 percent
Salary increases	From 2.5 percent to 12.5 percent based on age
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation
Discount Rate of Return	7.00 percent
Payroll Increases	3.00 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017

For 2022, post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110 percent for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95 percent for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

For 2021, post-retirement mortality rates are based on RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates, thereafter, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2022, valuation are based on the results of an actuarial experience study for the period July 1, 2015, through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

Celina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Note 13 - Defined Benefit Pension Plans (continued)

STRS' investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation *</u>	<u>Long-Term Expected Rate of Return **</u>
Domestic Equity	26.00%	6.60%
International Equity	22.00	6.80
Alternatives	19.00	7.38
Fixed Income	22.00	1.75
Real Estate	10.00	5.75
Liquidity Reserves	1.00	1.00
Total	<u>100.00%</u>	

* Target allocation percentage is effective July 1, 2022.

Target weights were phased in over a 3 month period concluding on October 1, 2022

** 10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent, and is net of investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate - The discount rate used to measure the total pension liability was 7.00 percent as of June 30, 2022. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2022. Therefore, the long-term expected rate of return on pension plan investments of 7.00 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2022.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table presents the School District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.00 percent, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.00 percent) or one-percentage-point higher (8.00 percent) than the current rate:

	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
School District's proportionate share of the net pension liability	\$39,586,407	\$26,205,128	\$14,888,707

Note 13 - Defined Benefit Pension Plans (continued)

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, 2023, five of the Board of Education members has elected Social Security. The Board's liability is 6.2 percent of wages paid.

Note 14 - Defined Benefit OPEB Plans

See Note 13 for a description of the net OPEB liability (asset).

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description - The School District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. The following types of credit purchased after January 29, 1981 do not count toward health care coverage eligibility: military, federal, out-of-state, municipal, private school, exempted, and early retirement incentive credit. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Annual Comprehensive Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

Celina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Note 14 - Defined Benefit OPEB Plans (continued)

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2023, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2023, this amount was \$25,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2023, the School District's surcharge obligation was \$94,819.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was \$94,819 for fiscal year 2023.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2023, STRS did not allocate any employer contributions to post-employment health care.

Celina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Note 14 - Defined Benefit OPEB Plans (continued)

Net OPEB Liability (Asset)

The net OPEB liability (asset) was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB liability (asset) was based on the School District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net OPEB Liability:			
Current Measurement Date	0.13330858%	0.11788115%	
Prior Measurement Date	<u>0.14085060%</u>	<u>0.11720616%</u>	
Change in Proportionate Share	<u>-0.00754202%</u>	<u>0.00067499%</u>	
Proportionate Share of the:			
Net OPEB Liability	\$1,871,666	\$0	\$1,871,666
Net OPEB Asset	\$0	\$3,052,336	\$3,052,336

Actuarial Assumptions - SERS

The total OPEB liability is determined by SERS' actuaries in accordance with GASB Statement No. 74, as part of their annual actuarial valuation for each retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Celina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Note 14 - Defined Benefit OPEB Plans (continued)

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2022, are presented below:

	June 30, 2022
Inflation	2.40 percent
Future Salary Increases, including inflation	
Wage Increases	3.25 percent to 13.58 percent
Investment Rate of Return	7.00 percent net of investment expense, including inflation
Fiduciary Net Position is Projected to be Depleted	2044
Municipal Bond Index Rate:	
Measurement Date	3.69 percent
Prior Measurement Date	1.92 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Measurement Date	4.08 percent
Prior Measurement Date	2.27 percent
Health Care Cost Trend Rate	
Medicare	5.125 to 4.40 percent
Pre-Medicare	6.75 to 4.40 percent
Medical Trend Assumption	7.00 to 4.40 percent

Mortality rates among healthy retirees were based on the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Mortality rates for contingent survivors were based on PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5 percent for males and adjusted 122.5 percent for females. Mortality rates for actives is based on PUB-2010 General Amount Weighted Below Median Employee mortality table.

The most recent experience study was completed for the five year period ended June 30, 2020.

Celina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Note 14 - Defined Benefit OPEB Plans (continued)

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2016 through 2020, and was adopted by the Board in 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a long-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The SERS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 13.

Discount Rate - The discount rate used to measure the total OPEB liability at June 30, 2022 was 4.08 percent. The discount rate used to measure total OPEB liability prior to June 30, 2021, was 2.27 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the contribution rate of 1.50 percent of projected covered payroll each year, which includes a 1.50 percent payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make all projected future benefit payments of current System members by SERS actuaries. The Municipal Bond Index Rate is used in the determination of the SEIR for both the June 30, 2022, and the June 30, 2021 total OPEB liability. The Municipal Bond Index rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index Rate is 3.69 percent at June 30, 2022 and 1.92 percent at June 30, 2021.

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates - The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.08%) and higher (5.08%) than the current discount rate (4.08%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.40%) and higher (8.00% decreasing to 5.40%) than the current rate.

	1% Decrease (3.08%)	Current Discount Rate (4.08%)	1% Increase (5.08%)
School District's proportionate share of the net OPEB liability	\$2,324,638	\$1,871,666	\$1,505,995

Celina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Note 14 - Defined Benefit OPEB Plans (continued)

	1% Decrease (6.00% decreasing to 3.40%)	Current Trend Rate (7.00% decreasing to 4.40%)	1% Increase (8.00% decreasing to 5.40%)
School District's proportionate share of the net OPEB liability	\$1,443,391	\$1,871,666	\$2,431,064

Actuarial Assumptions - STRS

Key methods and assumptions used in the June 30, 2022, actuarial valuation are presented below:

	June 30, 2022	June 30, 2021
Projected salary increases	Varies by service from 2.5 percent to 8.5 percent	Varies by age from 2.5 percent to 12.50 percent
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.00 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3 percent
Discount Rate of Return	7.00 percent	7.00 percent
Health Care Cost Trends		
Medical		
Pre-Medicare	7.50 percent initial 3.94 percent ultimate	5.00 percent initial 4 percent ultimate
Medicare	-68.78 percent initial 3.94 percent ultimate	-16.18 percent initial 4 percent ultimate
Prescription Drug		
Pre-Medicare	9.00 percent initial 3.94 percent ultimate	6.50 percent initial 4 percent ultimate
Medicare	-5.47 percent initial 3.94 percent ultimate	29.98 percent initial 4 percent ultimate

Projections of benefits include the historical pattern of sharing benefit costs between the employers and retired plan members.

For 2022, healthy retirees post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110 percent for males, projected forward generationally using mortality improvement scale MP-2020; pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95 percent for females, projected forward generationally using mortality improvement scale MP-2020. For disabled retirees, mortality rates are based on the Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

For 2021, healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. For disabled retirees, mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Celina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Note 14 - Defined Benefit OPEB Plans (continued)

Actuarial assumptions used in the June 30, 2022, valuation are based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

The STRS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 13.

Discount Rate - The discount rate used to measure the total OPEB liability was 7.00 percent as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed STRS continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2022. Therefore, the long-term expected rate of return on health care plan investments of 7.00 percent was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2022.

Sensitivity of the School District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate - The following table represents the net OPEB asset as of June 30, 2022, calculated using the current period discount rate assumption of 7.00 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net OPEB asset	\$2,821,803	\$3,052,336	\$3,249,805

	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB asset	\$3,166,014	\$3,052,336	\$2,908,843

Note 15 - 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 five to twenty days of vacation per year, depending upon length of service. The superintendent, treasurer, and administrators earn twenty-five days of vacation per year. Accumulated unused vacation time is paid to classified employees, the superintendent, the treasurer, and the administrators upon termination of employment. Teachers do not earn vacation time.

Celina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Note 15 - Other Employee Benefits (continued)

Teachers, administrators, and classified employees earn sick leave at a rate of one and one-fourth days per month. 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.

For classified employees, sick leave may be accumulated to a maximum of two hundred twenty-five days. Upon retirement, classified employees are paid severance for 33 percent of the accumulated sick leave balance up to two hundred twenty-five days.

B. Employee Insurance Benefits

The School District provides medical, dental, and vision insurance benefits to all employees through the Southwestern Ohio Educational Purchasing Council. The Board of Education will pay 80% of the monthly premium for employees enrolled in the PPO plan and the Board will pay 92.5% of the monthly premium for employees enrolled in the HDHP/HSA plan.

The School District also provides life insurance and accidental death and dismemberment insurance through American United Life Insurance.

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
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Note 16 - Long-Term Obligations

Changes in the School District's long-term obligations during fiscal year 2023 were as follows:

	Balance at 6/30/2022	Additions	Reductions	Balance at 6/30/2023	Amounts Due Within One Year
Governmental Activities					
General Obligation Bonds					
School Facilities Constuction and Improvement Bonds FY 2022					
Serial Bonds 4-5%	\$11,875,000	\$0	\$915,000	\$10,960,000	\$1,155,000
Term Bonds 2-2.875%	63,460,000	0	0	63,460,000	0
Capital Appreciation Bonds 21.124%	647,675	0	0	647,675	0
Accretion on Capital Appreciation Bonds	94,551	165,068	0	259,619	0
Bond Premium	1,100,686	0	13,255	1,087,431	0
Total Governmental Activities Long-Term Obligations	<u>\$77,177,912</u>	<u>\$165,068</u>	<u>\$928,255</u>	<u>\$76,414,725</u>	<u>\$1,155,000</u>

FY 2022 School Facilities Construction and Improvement Bonds - On October 28, 2021, the School District issued general obligation bonds, in the amount of \$75,982,675, for improving and constructing school buildings and facilities. The bond issue includes of serial, term, and capital appreciation bonds, in the amount of \$11,875,000, \$63,460,000, and \$647,675, respectively. The bonds were issued at a premium of \$1,100,686. The bonds were issued for a thirty-seven fiscal year period, with final maturity in fiscal year 2059. The bonds are being retired through the Bond Retirement debt service fund.

The bonds maturing on December 1, 2033, are subject to mandatory sinking fund redemption, at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the date of redemption, on December 1 in the years and the respective principal amounts as follows:

Year	Amount
2032	\$1,695,000

The remaining principal, in the amount of \$1,725,000, will be paid at stated maturity on December 1, 2033.

Celina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Note 16 - Long-Term Obligations (continued)

The bonds maturing on December 1, 2036, are subject to mandatory sinking fund redemption, at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the date of redemption, on December 1 in the years and the respective principal amounts as follows:

<u>Year</u>	<u>Amount</u>
2034	\$1,760,000
2035	1,800,000

The remaining principal, in the amount of \$1,840,000, will be paid at stated maturity on December 1, 2036.

The bonds maturing on December 1, 2041, are subject to mandatory sinking fund redemption, at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the date of redemption, on December 1 in the years and the respective principal amounts as follows:

<u>Year</u>	<u>Amount</u>
2037	\$1,875,000
2038	1,920,000
2039	1,965,000
2040	2,015,000

The remaining principal, in the amount of \$2,060,000, will be paid at stated maturity on December 1, 2041.

The bonds maturing on December 1, 2046, are subject to mandatory sinking fund redemption, at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the date of redemption, on December 1 in the years and the respective principal amounts as follows:

<u>Year</u>	<u>Amount</u>
2042	\$2,110,000
2043	2,165,000
2044	2,225,000
2045	2,280,000

The remaining principal, in the amount of \$2,340,000, will be paid at stated maturity on December 1, 2046.

Celina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Note 16 - Long-Term Obligations (continued)

The bonds maturing on December 1, 2051, are subject to mandatory sinking fund redemption, at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the date of redemption, on December 1 in the years and the respective principal amounts as follows:

Year	Amount
2047	\$2,400,000
2048	2,470,000
2049	2,535,000
2050	2,605,000

The remaining principal, in the amount of \$2,680,000, will be paid at stated maturity on December 1, 2051.

The bonds maturing on December 1, 2058, are subject to mandatory sinking fund redemption, at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the date of redemption, on December 1 in the years and the respective principal amounts as follows:

Year	Amount
2052	\$2,750,000
2053	2,830,000
2054	2,910,000
2055	2,995,000
2056	3,080,000
2057	3,170,000

The remaining principal, in the amount of \$3,260,000, will be paid at stated maturity on December 1, 2058.

The serial bonds are subject to prior redemption on or after December 1, 2031, by and at the sole option of the School District, either in whole on any date or in part on any interest payment date, and in integral multiples of \$5,000, at 100 percent of the principal amount redeemed plus accrued interest to the redemption date.

The capital appreciation bonds are not subject to prior redemption. The capital appreciation bonds will mature in fiscal year 2025. The maturity amount of the bonds is \$1,205,000. For fiscal year 2023, \$165,068 was accreted on the capital appreciation bonds for a total value of \$907,294, at fiscal year end.

The School District's overall debt margin was (\$30,183,928) with an unvoted debt margin of \$483,609 at June 30, 2023.

Celina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Note 16 - Long-Term Obligations (continued)

Principal and interest requirements to retire general obligation debt outstanding at June 30, 2023, were as follows:

Fiscal Year Ending June 30,	Serial	Term	Capital Appreciation	Interest	Total
2024	\$1,155,000	\$0	\$0	\$2,174,562	\$3,329,562
2025	0	0	647,675	2,708,787	3,356,462
2026	1,205,000	0	0	2,121,338	3,326,338
2027	1,265,000	0	0	2,059,587	3,324,587
2028	1,325,000	0	0	1,994,838	3,319,838
2029-2033	6,010,000	1,695,000	0	8,908,362	16,613,362
2034-2038	0	9,000,000	0	7,673,872	16,673,872
2039-2043	0	10,070,000	0	6,578,394	16,648,394
2044-2048	0	11,410,000	0	5,210,543	16,620,543
2049-2053	0	13,040,000	0	3,554,075	16,594,075
2054-2058	0	14,985,000	0	1,570,109	16,555,109
2059	0	3,260,000	0	46,863	3,306,863
	<u>\$10,960,000</u>	<u>\$63,460,000</u>	<u>\$647,675</u>	<u>\$44,601,330</u>	<u>\$119,669,005</u>

Note 17 - 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.

Fund Balance	General	Building	Classroom Facilities	Other Governmental	Total Governmental Funds
Nonspendable:					
Unclaimed Monies	\$4,938	\$0	\$0	\$0	\$4,938

(continued)

Celina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Note 17 - Fund Balance (continued)

Fund Balance	General	Building	Classroom Facilities	Other Governmental	Governmental Funds
Restricted for:					
Athletics and Music	\$0	\$0	\$0	\$479,050	\$479,050
Capital Improvements	0	20,836,329	53,400,139	0	74,236,468
Debt Service	0	0	0	1,358,912	1,358,912
Food Service					
Operations	0	0	0	461,644	461,644
Foster Care	0	0	0	1,850	1,850
Non-Public Schools	0	0	0	59,138	59,138
Preschool	0	0	0	1,552	1,552
Regular Instruction	0	0	0	1,000	1,000
Classroom Facilities					
Maintenance	0	0	0	418,071	418,071
School Safety	0	0	0	600,000	600,000
Secondary Transition	0	0	0	77,123	77,123
Student Activities	0	0	0	119,378	119,378
Total Restricted	0	20,836,329	53,400,139	3,577,718	77,814,186
Committed to:					
Capital Improvements	0	0	0	1,300,774	1,300,774
Future Severance					
Payments	495,404	0	0	0	495,404
Preschool	0	0	0	149	149
Total Committed	495,404	0	0	1,300,923	1,796,327
Assigned for:					
Educational Activities	207,109	0	0	0	207,109
Staff	24,721	0	0	0	24,721
Unpaid Obligations	618,391	0	0	0	618,391
Total Assigned	850,221	0	0	0	850,221
Unassigned	6,130,667	0	0	0	6,130,667
Total Fund Balance	\$7,481,230	\$20,836,329	\$53,400,139	\$4,878,641	\$86,596,339

Note 18 - Interfund

During fiscal year 2023, the General Fund made transfers to other governmental funds, in the amount of \$5,000, to subsidize operations of other governmental funds. The General Fund also made cash advances to various grant funds.

Celina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Note 19 - 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 acquisition and construction of capital improvements. The amount 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. This amount must be carried forward and used for the same purpose in future years.

The following cash basis information identifies the change in the set aside amount for capital improvements during fiscal year 2023.

	Capital Improvements
Balance June 30, 2022	\$0
Current Year Set Aside Requirement	564,136
Offsets	(313,105)
Qualifying Expenditures	(251,031)
Balance June 30, 2023	\$0

Note 20 - Jointly Governed Organization

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, Auglaize, Hancock, Hardin, Lucas, Mercer, Paulding, Putnam, Seneca, Van Wert, and Wood 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 2023, the School District paid \$102,612 to NOACSC for various services. Financial information can be obtained from the Northwest Ohio Area Computer Services Cooperative, 4277 East Road, Elida, Ohio 45807.

Note 21 - Insurance Pools

A. Ohio School Plan

The School District participates in the Ohio School Plan (Plan), an insurance purchasing pool established under Section 2744.081 of the Ohio Revised Code. The Plan is an unincorporated nonprofit association of its members which enables the participants to provide for a formalized joint insurance purchasing program for maintaining adequate insurance protection and provides risk management programs and other administrative services. The Plan's business and affairs are conducted by a fifteen member board consisting of superintendents, treasurers, the president of Harcum-Schuett Insurance Agency, Inc., and a member of the Hylant Group, Inc. The Hylant Group, Inc. is the Plan's administrator and is responsible for processing claims. Harcum-Schuett Insurance Agency serves as the sales and marketing representative which establishes agreements between the Plan and its members. Financial information can be obtained from Harcum-Schuett Insurance Agency, 246 East Sycamore Street, Columbus, Ohio 43206.

Note 21 - Insurance Pools (continued)

B. Ohio School Boards Association (OSBA) Workers' Compensation Group Rating Plan

The School District participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP) was established through the Ohio School Boards Association (OSBA) as an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect, and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the GRP. Each year, the participants pay an enrollment fee to the GRP to cover the costs of administering the program.

C. Southwestern Ohio Educational Purchasing Council Insurance Program

The School District participates in a public entity shared risk pool, the Southwestern Ohio Educational Purchasing Council Insurance Program (SOEPC) for medical and dental insurance. SOEPC's business and affairs are conducted by an Executive Council of participating school administrators and the director of the SOEPC. Participation in SOEPC is by written application subject to acceptance by the Executive Council and the payment of premiums. The Administrator of SOEPC is Arthur J. Gallagher Risk Management Services which coordinates the management, administration, claims management, and actuarial studies of SOEPC. Insurance premiums are paid to SOEPC. Financial information can be obtained from Southwestern Ohio Educational Purchasing Council Insurance Program, 303 Corporate Center Drive, Suite 208, Vandalia, Ohio 45377.

Note 22 - Joint Venture

The School District participates in the Tri-Star Career Compact, a joint venture with eight other school districts. The nine participating school districts comprise a "qualifying partnership" as defined by Ohio Revised Code Section 3318.71. The purpose of the Compact is to establish and maintain a career technical education program in accordance with standards adopted by the State Board of Education.

The joint venture is governed by a board of directors consisting of each superintendent of the nine participating school districts. The board of directors serves at the discretion of the Boards of Education of the participating school districts and is not responsible to serve the electorate in any legal capacity.

In fiscal year 2016, the joint venture issued \$16,999,987 in classroom facilities bonds to acquire classroom facilities. The bonds are a general obligation of the "qualifying partnership". The bonds have an interest rate ranging from 2 percent to 4.2 percent and mature in fiscal year 2032. The bonds will be repaid from the resources of a property tax levied by the qualifying partnership and the qualifying partnership is obligated to pay all debt service on the bonds. If the proceeds of the tax collection are less than anticipated in any particular year resulting in insufficient resources to pay the principal and interest requirements of the bonds, the school districts making up the partnership are obligated to make up the amount of any shortfall.

In addition, each participating school district is required to contribute a service fee and a reserve capital fee for each participating student from their school district and may also incur excess costs for operations of the Tri-Star Career Compact.

Celina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Note 22 - Joint Venture (continued)

The joint venture has not currently accumulated significant financial resources nor is the joint venture experiencing fiscal stress that would cause an additional financial benefit to or burden on the participants; however, all participants have an ongoing financial responsibility as outlined above. Financial information may be obtained from the Celina City School District who serves as fiscal agent for the joint venture.

Note 23 - 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, 2023.

B. School Foundation

School District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education and Workforce (ODEW) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, all ODEW adjustments for fiscal year 2023 have been finalized.

C. Litigation

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

Note 24 - COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency ended in April 2023. During fiscal year 2023, the School District received COVID-19 funding. The School District will continue to spend available COVID-19 funding consistent with the applicable program guidelines.

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SUPPLEMENTARY INFORMATION

**CELINA CITY SCHOOL DISTRICT
MERCER COUNTY, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM/CLUSTER TITLE	ASSISTANCE LISTING NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER / ADDITIONAL AWARD IDENTIFICATION	TOTAL FEDERAL EXPENDITURES
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through the Ohio Department of Education and Workforce</i>			
Child Nutrition Cluster			
School Breakfast Program	10.553	2022	\$ 71,963
School Breakfast Program	10.553	2023	131,906
Total School Breakfast Program			<u>203,869</u>
National School Lunch Program	10.555	2022	371,280
COVID-19 - National School Lunch Program - CN COVID FOOD PRO MANF	10.555	COVID-19, 2023	63,867
National School Lunch Program	10.555	2023	684,133
National School Lunch Program - Food Donation	10.555	2023	93,112
Total National School Lunch Program			<u>1,212,392</u>
Fresh Fruit and Vegetable Program	10.582	2023	14,965
Total Child Nutrition Cluster			<u>1,431,226</u>
Child and Adult Care Food Program (CACFP) - Cash-in-Lieu	10.558	2022	1,372
Child and Adult Care Food Program (CACFP) - Cash-in-Lieu	10.558	2023	2,499
Child and Adult Care Food Program (CACFP) - Child Care Food Program	10.558	2022	30,843
Child and Adult Care Food Program (CACFP) - Child Care Food Program	10.558	2023	56,670
Total Child and Adult Care Food Program (CACFP)			<u>91,384</u>
COVID-19 - State Pandemic Electronic Benefit Transfer (P-EBT) Administrative Costs Grant	10.649	COVID-19, 2023	3,135
Total U.S. Department of Agriculture			<u>1,525,745</u>
U.S. DEPARTMENT OF EDUCATION			
<i>Passed Through the Ohio Department of Education and Workforce</i>			
Title I Grants to Local Educational Agencies - Expanding Opportunities for Each Child Non-Competitive Grant	84.010A	84.010A, 2022	8,382
Title I Grants to Local Educational Agencies	84.010A	84.010A, 2023	424,171
Title I Grants to Local Educational Agencies - Supplemental School Improvement	84.010A	84.010A, 2023	24,959
Title I Grants to Local Educational Agencies - Expanding Opportunities for Each Child Non-Competitive Grant	84.010A	84.010A, 2023	11,695
Total Title I Grants to Local Educational Agencies			<u>469,207</u>
Special Education Cluster (IDEA)			
Special Education-Grants to States (IDEA, Part B)	84.027A	84.027A, 2022	105,345
Special Education-Grants to States (IDEA, Part B)	84.027A	84.027A, 2023	672,457
COVID-19 - Special Education-Grants to States (IDEA, Part B) - ARP	84.027X	COVID-19, 84.027X, 2023	95,008
Total Special Education-Grants to States (IDEA, Part B)			<u>872,810</u>
Special Education-Preschool Grants (IDEA Preschool)	84.173A	84.173A, 2022	1,545
Special Education-Preschool Grants (IDEA Preschool)	84.173A	84.173A, 2023	24,570
COVID-19 - Special Education-Preschool Grants (IDEA Preschool) - ARP	84.173X	COVID-19, 84.173X, 2023	5,592
Total Special Education-Preschool Grants (IDEA Preschool)			<u>31,707</u>
Total Special Education Cluster (IDEA)			<u>904,517</u>
<i>Tri-Star Career Compact</i>			
Career and Technical Education Basic Grants to States	84.048A	84.048A, 2022	5,533
Career and Technical Education Basic Grants to States	84.048A	84.048A, 2023	71,110
Total Career and Technical Education Basic Grants to States			<u>76,643</u>
English Language Acquisition State Grants - Title III - Language Instruction for English Learners	84.365A	84.365A, 2023	13,910
Supporting Effective Instruction State Grants	84.367A	84.367A, 2023	46,178
Student Support and Academic Enrichment Program	84.424A	84.424A, 2023	9,834
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER II) Fund	84.425D	COVID-19, 84.425D, 2023	161,030
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER II) Fund - Innovative Workforce Incentive Program Grant 2	84.425D	COVID-19, 84.425D, 2022	128,000
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER II) Fund - Innovative Workforce Incentive Program Grant 2	84.425D	COVID-19, 84.425D, 2023	70,835
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER) Fund	84.425U	COVID-19, 84.425U, 2022	46,463
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER) Fund	84.425U	COVID-19, 84.425U, 2023	866,290
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER) Fund - Reaching All Students	84.425U	COVID-19, 84.425U, 2023	537
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER) Fund - Homeless Round II	84.425W	COVID-19, 84.425W, 2023	1,462
Total Education Stabilization Fund (ESF)			<u>1,274,617</u>
Total U.S. Department of Education			<u>2,794,906</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>Direct</i>			
Head Start Cluster			
COVID-19 - Head Start - Coronavirus Response and Relief Supplemental Appropriations Act (CRSSA)	93.600	COVID-19, 05HE000132	34,925
COVID-19 - Head Start - American Rescue Plan Act	93.600	COVID-19, 05HE000132	74,533
Head Start	93.600	05CH011273	804,471
Head Start	93.600	05CH011273	878,899
Total Head Start Cluster			<u>1,792,828</u>
Total U.S. Department of Health and Human Services			<u>1,792,828</u>
Total Federal Expenditures			<u>\$ 6,113,479</u>

The accompanying notes are an integral part of this schedule.

**CELINA CITY SCHOOL DISTRICT
MERCER COUNTY, OHIO**

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1 – BASIS OF PRESENTATION & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Celina City School District under programs of the federal government for the fiscal year ended June 30, 2023 and is prepared in accordance with the cash basis of accounting. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Celina City School District, it is not intended to and does not present the financial position, or changes in net position of the Celina City School District. Such expenditures are recognized following cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be limited as to reimbursement.

NOTE 2 – DE MINIMIS COST RATE

CFR Section 200.414 of the Uniform Guidance allows a non-federal entity that has never received a negotiated indirect cost rate to charge a de minimis rate of 10% of modified total direct costs to indirect costs. The Celina City School District has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 3 – CHILD NUTRITION CLUSTER

The Celina City School District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the Celina City School District assumes it expends federal monies first.

NOTE 4 – FOOD DONATION PROGRAM

The Celina City School District reports commodities consumed on the Schedule at the entitlement value. The Celina City School District allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities.

NOTE 5 – MATCHING REQUIREMENTS

Certain Federal programs require the Celina City School District to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The Celina City School District has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other
Matters Based on an Audit of Financial Statements Performed in Accordance With
*Government Auditing Standards***

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

To the Members of the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Celina City School District, Mercer County, Ohio, as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Celina City School District's basic financial statements and have issued our report thereon dated February 23, 2024, wherein we noted the Celina City School District uses a special purpose framework other than generally accepted accounting principles.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Celina City School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Celina City School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Celina City School District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Celina City School District's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Celina City School District

Mercer County

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters

Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Celina City School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and is described in the accompanying schedule of findings as item 2023-001.

Celina City School District's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Celina City School District's response to the finding identified in our audit and described in the accompanying corrective action plan. The Celina City School District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Celina City School District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Celina City School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Julian & Grube, Inc.

February 23, 2024

**Independent Auditor’s Report on Compliance for Each Major Federal Program
and on Internal Control Over Compliance Required by the Uniform Guidance**

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

To the Members of the Board of Education:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Celina City School District’s compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the Celina City School District’s major federal programs for the fiscal year ended June 30, 2023. The Celina City School District’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings.

In our opinion, the Celina City School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the fiscal year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the “Auditor’s Responsibilities for the Audit of Compliance” section of our report.

We are required to be independent of the Celina City School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Celina City School District’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Celina City School District’s federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Celina City School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Celina City School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Celina City School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Celina City School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Celina City School District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the "Auditor's Responsibilities for the Audit of Compliance" section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Celina City School District
Mercer County
Independent Auditor's Report on Compliance for Each Major Federal Program
and on Internal Control Over Compliance Required by the Uniform Guidance

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Julian & Grube, Inc.
February 23, 2024

**CELINA CITY SCHOOL DISTRICT
MERCER COUNTY, OHIO**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2023**

1. SUMMARY OF AUDITOR'S RESULTS		
<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unmodified
<i>(d)(1)(ii)</i>	<i>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iii)</i>	<i>Was there any reported material noncompliance at the financial statement level (GAGAS)?</i>	Yes
<i>(d)(1)(iv)</i>	<i>Were there any material weaknesses in internal control reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any significant deficiencies in internal control reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Programs' Compliance Opinion</i>	Unmodified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under 2 CFR §200.516(a)?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Program(s) (listed):</i>	Education Stabilization Fund (ALN 84.425); Head Start Cluster
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: >\$750,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee under 2 CFR § 200.520?</i>	No

**CELINA CITY SCHOOL DISTRICT
MERCER COUNTY, OHIO**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2023**

2. FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2023-001

Noncompliance - Annual Financial Report

Ohio Revised Code Section 117.38 provides 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 Revised Code Section 117.38. Ohio Administrative Code Section 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 (GAAP).

The School District prepares its financial statements in accordance with the cash basis of accounting in a report format similar to the requirements of Governmental Accounting Standards Board Statement 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. This presentation differs from GAAP. There would be variances on the financial statements between this accounting practice and GAAP that, while presumably material, cannot be reasonably determined at this time.

Failure to prepare proper GAAP financial statements may result in the School District being fined or other administrative remedies.

The School District should prepare its financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP).

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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None

Celina City Schools

585 E. Livingston Street
 Celina, OH 45822
 419-586-8300 Ext. 1000
 FAX 419-586-7046
 www.celinaschools.org



DR. KEN SCHMIESING, Superintendent
MICHELLE MAWER, Treasurer
VAUGHN RAY, Curriculum Dir.
TRACEY DAMMEYER, Special Education Dir.
PHIL METZ, Facilities Director

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
2 CFR § 200.511(b)
JUNE 30, 2023

Finding Number	Fiscal Year Initially Occurred	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid
2022-001	2005	<u>Noncompliance</u> - Ohio Revised Code Section 117.38 and Ohio Admin. Code § 117-2-03(B) require the School District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America (GAAP). However, the District prepares its financial statements on a cash basis, which is a comprehensive basis of accounting other than GAAP.	No	Repeated as Finding 2023-001, as the School District did not prepare its annual financial report in accordance with GAAP.
2022-002	2022	<u>Noncompliance</u> - Ohio Revised Code Sections 5705.41(B) and 5705.40 – The School District had expenditures in excess of appropriations in twelve funds in varying amounts at year end, and thus did not properly modify its appropriations throughout the year.	Partially Corrected	Moved to Management Letter

Celina City Schools

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CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
 June 30, 2023

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2023-001	No Corrective Action Plan – The School District believes that the filing of OCBOA financial statements is adequate and the cost effectiveness outweighs the filing of GAAP financial statements	N/A	Michelle Mawer, Treasurer

OHIO AUDITOR OF STATE KEITH FABER



CELINA CITY SCHOOL DISTRICT

MERCER COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 4/23/2024

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov