



**CELINA CITY SCHOOL DISTRICT
MERCER COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**CELINA CITY SCHOOL DISTRICT
MERCER COUNTY**

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

One First National Plaza
130 West Second Street
Suite 2040
Dayton, Ohio 45402
Telephone 937-285-6677
800-443-9274
Facsimile 937-285-6688
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Board of Education:

We have audited the accompanying general-purpose financial statements of the Celina City School District, Mercer County, (the District) as of and for the year ended June 30, 2000, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Celina City School District, Mercer County, as of June 30, 2000, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 8, 2001, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

JIM PETRO
Auditor of State

January 8, 2001

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**Celina City School District
Mecer County**

**Combined Balance Sheet
All Funds Types and Account Groups
June 30, 2000**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<u>Assets and Other Debits:</u>				
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$3,310,776	\$689,881	\$362,020	\$1,458,008
Investments	0	0	0	0
Receivables:				
Property Taxes	8,128,551	0	1,392,228	0
Income Taxes	694,605	0	0	231,535
Payment in Lieu of Taxes	0	0	0	1,150,000
Accounts	962	1,222	0	0
Intergovernmental	21,850	0	0	0
Accrued Interest	9,456	0	1,078	2,248
Interfund	359,606	0	0	0
Due from Other Funds	10,332	0	0	0
Prepaid Items	163,997	10,440	0	0
Inventory Held for Resale	0	0	0	0
Materials and Supplies Inventory	0	0	0	0
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	287,876	0	0	0
Cash and Cash Equivalents with Escrow Agent	0	0	0	1,227
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0	0
<u>Other Debits:</u>				
Amount Available in Debt Service Fund for Retirement of General Obligation Bonds	0	0	0	0
Amount to be Provided from General Governmental Resources	0	0	0	0
Total Assets and Other Debits	\$12,988,011	\$701,543	\$1,755,326	\$2,843,018

<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Types</u>	<u>Account Groups</u>		<u>Totals (Memorandum Only)</u>
<u>Enterprise</u>	<u>Internal Service</u>	<u>Trust and Agency</u>	<u>General Fixed Assets</u>	<u>General Long-Term Obligations</u>	
\$259,205	\$450,353	\$637,754	\$0	\$0	\$7,167,997
0	49,545	0	0	0	49,545
0	0	0	0	0	9,520,779
0	0	0	0	0	926,140
0	0	0	0	0	1,150,000
83	0	0	0	0	2,267
36,591	0	0	0	0	58,441
0	3,494	385	0	0	16,661
0	0	0	0	0	359,606
2,188	0	40	0	0	12,560
7,854	3,719	1,759	0	0	187,769
183,237	0	0	0	0	183,237
6,645	0	0	0	0	6,645
0	0	0	0	0	287,876
0	0	0	0	0	1,227
334,419	0	0	33,936,640	0	34,271,059
0	0	0	0	363,098	363,098
0	0	0	0	17,387,657	17,387,657
<u>\$830,222</u>	<u>\$507,111</u>	<u>\$639,938</u>	<u>\$33,936,640</u>	<u>\$17,750,755</u>	<u>\$71,952,564</u>

(continued)

**Celina City School District
Mercer County**

**Combined Balance Sheet
All Funds Types and Account Groups
June 30, 1999
(continued)**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<u>Liabilities, Fund Equity, and Other Credits:</u>				
<u>Liabilities:</u>				
Accounts Payable	\$268,347	\$30,950	\$0	\$7,684
Contracts Payable	0	0	0	114,232
Accrued Wages and Benefits	1,676,950	147,704	0	0
Compensated Absences Payable	11,956	922	0	0
Retainage Payable	0	0	0	17,378
Intergovernmental Payable	347,120	35,549	0	0
Interfund Payable	0	356,106	0	0
Due to Other Funds	40	11,490	0	0
Early Retirement Incentive Payable	0	0	0	0
Deferred Revenue	8,128,551	0	1,392,228	1,100,000
Due to Students	0	0	0	0
Payroll Withholdings	0	0	0	0
Accrued Interest Payable	0	0	0	1,561
Notes Payable	0	0	0	50,000
Liabilities Payable from Restricted Assets:				
Retainage Payable	0	0	0	1,227
Energy Conservation Notes Payable	0	0	0	0
Asbestos Removal Loan Payable	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
Total Liabilities	10,432,964	582,721	1,392,228	1,292,082
<u>Fund Equity and Other Credits:</u>				
Investment in General Fixed Assets	0	0	0	0
Retained Earnings (Deficit)	0	0	0	0
Contributed Capital	0	0	0	0
Fund Balance:				
Reserved for Encumbrances	555,806	97,366	0	891,131
Reserved for Budget Stabilization	285,099	0	0	0
Reserved for Bus Purchases	2,777	0	0	0
Designated for Textbooks	173,323	0	0	166,597
Designated for Capital Improvements	303,081	0	0	0
Designated for Budget Stabilization	128,621	0	0	0
Unreserved, Undesignated	1,106,340	21,456	363,098	493,208
Total Fund Equity (Deficit) and Other Credits	2,555,047	118,822	363,098	1,550,936
Total Liabilities, Fund Equity, and Other Credit	\$12,988,011	\$701,543	\$1,755,326	\$2,843,018

See Accompanying Notes to the General Purpose Financial Statements

<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Types</u>	<u>Account Groups</u>		<u>Totals (Memorandum Only)</u>
<u>Enterprise</u>	<u>Internal Service</u>	<u>Trust and Agency</u>	<u>General Fixed Assets</u>	<u>General Long-Term Obligations</u>	
\$3,301	\$0	\$10,299	\$0	\$0	\$320,581
0	0	0	0	0	114,232
62,312	0	642	0	0	1,887,608
1,205	1,566,421	3,805	0	87,027	1,671,336
0	0	0	0	0	17,378
55,378	45,002	305,349	0	172,384	960,782
0	0	3,500	0	0	359,606
693	0	337	0	0	12,560
0	12,124	0	0	0	12,124
24,202	0	0	0	0	10,644,981
0	0	88,583	0	0	88,583
0	0	95,136	0	0	95,136
0	0	0	0	0	1,561
0	0	0	0	0	50,000
0	0	0	0	0	1,227
0	0	0	0	660,000	660,000
0	0	0	0	373,112	373,112
0	0	0	0	16,458,232	16,458,232
<u>147,091</u>	<u>1,623,547</u>	<u>507,651</u>	<u>0</u>	<u>17,750,755</u>	<u>33,729,039</u>
0	0	0	33,936,640	0	33,936,640
421,983	(1,116,436)	0	0	0	(694,453)
261,148	0	0	0	0	261,148
0	0	28,420	0	0	1,572,723
0	0	0	0	0	285,099
0	0	0	0	0	2,777
0	0	0	0	0	339,920
0	0	0	0	0	303,081
0	0	0	0	0	128,621
0	0	103,867	0	0	2,087,969
<u>683,131</u>	<u>(1,116,436)</u>	<u>132,287</u>	<u>33,936,640</u>	<u>0</u>	<u>38,223,525</u>
<u>\$830,222</u>	<u>\$507,111</u>	<u>\$639,938</u>	<u>\$33,936,640</u>	<u>\$17,750,755</u>	<u>\$71,952,564</u>

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Celina City School District
Mercer County

**Combined Statement of Revenues, Expenditures,
and Changes in Fund Balances
All Governmental Fund Types and Expendable Trust Funds
For the Fiscal Year Ended June 30, 2000**

	Governmental Funds Types			Fiduciary	Totals (Memorandum Only)	
	General	Special Revenue	Debt Service	Capital Projects		Expendable Trust
Revenues:						
Property Taxes	\$7,384,222	\$0	\$1,130,515	\$0	\$0	\$8,514,737
Income Taxes	1,889,656	0	168,800	627,752	0	2,686,208
Payment in Lieu of Taxes	26,217	0	0	1,056,621	0	1,082,838
Intergovernmental	10,170,104	1,856,426	137,123	11,574	0	12,175,227
Interest	310,926	2,512	25,971	41,472	6,098	386,979
Tuition and Fees	705,115	294	0	0	0	705,409
Extracurricular Activities	0	361,741	0	0	0	361,741
Gifts and Donations	0	5,171	0	31,250	17,656	54,077
Miscellaneous	198,353	161,331	0	3,422	733	363,839
Total Revenues	20,684,593	2,387,475	1,462,409	1,772,091	24,487	26,331,055
Expenditures:						
Current:						
Instruction:						
Regular	9,685,394	435,648	0	91,498	0	10,212,540
Special	1,641,332	535,827	0	0	0	2,177,159
Vocational	944,572	87,153	0	1,249	0	1,032,974
Adult/Continuing	0	58,241	0	0	0	58,241
Other	123,568	15,061	0	0	0	138,629
Support Services:						
Pupils	1,304,880	382,908	0	0	0	1,687,788
Instructional Staff	568,329	239,041	0	0	0	807,370
Board of Education	60,036	0	0	0	0	60,036
Administration	1,610,718	175,148	0	0	0	1,785,866
Fiscal	439,476	2,000	28,139	10,945	0	480,560
Business	126,640	8,906	0	0	0	135,546
Operation and Maintenance of Plant	1,776,674	22,286	0	1,393	0	1,800,353
Pupil Transportation	903,566	116,260	0	0	0	1,019,826
Central	69	20,996	0	0	0	21,065
Non-Instructional Services	0	185,419	0	0	39,554	224,973
Extracurricular Activities	357,739	169,416	0	0	0	527,155
Capital Outlay	212,650	24,640	0	644,712	0	882,002
Intergovernmental	0	13,160	0	0	0	13,160
Debt Service:						
Principal Retirement	0	0	558,896	0	0	558,896
Interest and Fiscal Charges	0	0	879,522	3,783	0	883,305
Total Expenditures	19,755,643	2,492,110	1,466,557	753,580	39,554	24,507,444
Excess of Revenues Over (Under) Expenditures	928,950	(104,635)	(4,148)	1,018,511	(15,067)	1,823,611
Other Financing Sources (Uses):						
Proceeds from Sale of Fixed Assets	5,594	0	0	0	0	5,594
Operating Transfers In	0	3,144	0	0	0	3,144
Operating Transfers Out	(3,144)	0	0	0	0	(3,144)
Total Other Financing Sources (Uses)	2,450	3,144	0	0	0	5,594
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	931,400	(101,491)	(4,148)	1,018,511	(15,067)	1,829,205
Fund Balances at Beginning of Year	1,623,647	220,313	367,246	532,425	147,354	2,890,985
Fund Balances at End of Year	\$2,555,047	\$118,822	\$363,098	\$1,550,936	\$132,287	\$4,720,190

See Accompanying Notes to the General Purpose Financial Statements

Celina City School District
Mercer County

**Combined Statement of Revenues, Expenditures,
and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual
All Governmental Fund Types and Expendable Trust Funds
For the Fiscal Year Ended June 30, 2000**

	General Fund			Special Revenue Funds		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Property Taxes	\$7,384,367	\$7,384,222	(\$145)	\$0	\$0	\$0
Income Taxes	1,979,400	1,979,445	45	0	0	0
Payment in Lieu of Taxes	26,500	26,217	(283)	0	0	0
Intergovernmental	10,139,139	10,169,454	30,315	1,863,425	1,921,394	57,969
Interest	293,450	311,410	17,960	3,183	2,512	(671)
Tuition and Fees	719,500	704,898	(14,602)	294	294	0
Extracurricular Activities	0	0	0	367,424	364,644	(2,780)
Gifts and Donations	5,000	0	(5,000)	5,200	5,171	(29)
Miscellaneous	107,100	90,816	(16,284)	140,150	140,153	3
Total Revenues	20,654,456	20,666,462	12,006	2,379,676	2,434,168	54,492
Expenditures:						
Current:						
Instruction:						
Regular	10,449,989	10,007,351	442,638	622,374	443,004	179,370
Special	1,935,679	1,637,439	298,240	569,513	526,853	42,660
Vocational	1,130,915	997,811	133,104	117,913	114,404	3,509
Adult/Continuing	0	0	0	66,469	66,421	48
Other	216,906	168,880	48,026	34,069	16,499	17,570
Support Services:						
Pupils	1,389,595	1,291,939	97,656	435,356	397,747	37,609
Instructional Staff	682,368	586,506	95,862	289,301	245,295	44,006
Board of Education	84,400	79,969	4,431	0	0	0
Administration	1,745,510	1,684,006	61,504	197,945	182,468	15,477
Fiscal	503,844	466,275	37,569	4,500	2,000	2,500
Business	136,555	126,918	9,637	13,300	9,708	3,592
Operation and Maintenance of Plant	2,442,322	2,119,880	322,442	34,213	26,080	8,133
Pupil Transportation	1,065,379	980,424	84,955	133,894	120,013	13,881
Central	5,000	2,069	2,931	33,651	28,869	4,782
Non-Instructional Services	0	0	0	255,007	208,773	46,234
Extracurricular Activities	412,711	368,362	44,349	202,587	186,374	16,213
Capital Outlay	316,110	268,112	47,998	24,640	24,640	0
Intergovernmental	0	0	0	14,750	14,160	590
Debt Service:						
Principal Retirement	0	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0	0
Total Expenditures	22,517,283	20,785,941	1,731,342	3,049,482	2,613,308	436,174
Excess of Revenues Over (Under) Expenditures	(1,862,827)	(119,479)	1,743,348	(669,806)	(179,140)	490,666
Other Financing Sources (Uses):						
Proceeds from Sale of Fixed Assets	7,500	5,594	(1,906)	0	0	0
Refund of Prior Year Expenditures	132,244	131,414	(830)	4,009	3,822	(187)
Refund of Prior Year Receipts	0	0	0	(1,995)	(1,995)	0
Other Financing Sources	1,000	0	(1,000)	16,712	16,712	0
Advances In	160,000	158,865	(1,135)	356,179	356,108	(71)
Advances Out	(596,500)	(356,108)	240,392	(158,865)	(158,865)	0
Operating Transfers In	0	0	0	3,144	3,144	0
Operating Transfers Out	(25,000)	(3,144)	21,856	0	0	0
Total Other Financing Sources (Uses)	(320,756)	(63,379)	257,377	219,184	218,926	(258)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(2,183,583)	(182,858)	2,000,725	(450,622)	39,786	490,408
Fund Balances at Beginning of Year	850,284	850,284	0	245,765	245,765	0
Prior Year Encumbrances Appropriated	1,787,592	1,787,592	0	254,187	254,187	0
Fund Balances at End of Year	\$454,293	\$2,455,018	\$2,000,725	\$49,330	\$539,738	\$490,408

See Accompanying Notes to the General Purpose Financial Statements

Debt Service Fund			Capital Projects Funds			Expendable Trust Funds		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$1,133,000	\$1,130,515	(\$2,485)	\$0	\$0	\$0	\$0	\$0	\$0
224,128	224,128	0	605,000	602,354	(2,646)	0	0	0
0	0	0	1,007,000	1,006,621	(379)	0	0	0
140,000	137,123	(2,877)	11,600	11,574	(26)	0	0	0
33,210	24,893	(8,317)	41,000	41,593	593	6,100	5,713	(387)
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	31,250	31,250	0	20,000	17,656	(2,344)
0	0	0	0	0	0	0	733	733
<u>1,530,338</u>	<u>1,516,659</u>	<u>(13,679)</u>	<u>1,695,850</u>	<u>1,693,392</u>	<u>(2,458)</u>	<u>26,100</u>	<u>24,102</u>	<u>(1,998)</u>
0	0	0	259,691	120,014	139,677	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	16,574	13,819	2,755	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	24,795	7,374	17,421	0	0	0
40,000	28,139	11,861	37,000	10,945	26,055	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	141,825	124,458	17,367	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	81,084	67,974	13,110
0	0	0	0	0	0	0	0	0
0	0	0	1,432,369	1,368,892	63,477	0	0	0
0	0	0	0	0	0	0	0	0
608,900	608,896	4	0	0	0	0	0	0
892,577	884,850	7,727	0	0	0	0	0	0
<u>1,541,477</u>	<u>1,521,885</u>	<u>19,592</u>	<u>1,912,254</u>	<u>1,645,502</u>	<u>266,752</u>	<u>81,084</u>	<u>67,974</u>	<u>13,110</u>
<u>(11,139)</u>	<u>(5,226)</u>	<u>5,913</u>	<u>(216,404)</u>	<u>47,890</u>	<u>264,294</u>	<u>(54,984)</u>	<u>(43,872)</u>	<u>11,112</u>
0	0	0	0	0	0	0	0	0
0	0	0	3,750	3,422	(328)	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>3,750</u>	<u>3,422</u>	<u>(328)</u>	<u>0</u>	<u>0</u>	<u>0</u>
(11,139)	(5,226)	5,913	(212,654)	51,312	263,966	(54,984)	(43,872)	11,112
367,246	367,246	0	214,779	214,779	0	123,620	123,620	0
0	0	0	165,317	165,317	0	23,734	23,734	0
<u>\$356,107</u>	<u>\$362,020</u>	<u>\$5,913</u>	<u>\$167,442</u>	<u>\$431,408</u>	<u>\$263,966</u>	<u>\$92,370</u>	<u>\$103,482</u>	<u>\$11,112</u>

**Celina City School District
Mercer County**

**Combined Statement of Revenues, Expenses,
and Changes in Fund Equity
All Proprietary Fund Types
For the Fiscal Year Ended June 30, 2000**

	<u>Enterprise</u>	<u>Internal Service</u>	<u>Totals (Memorandum Only)</u>
<u>Operating Revenues:</u>			
Tuition	\$61,959	\$0	\$61,959
Sales	887,635	0	887,635
Charges for Services	29,802	252,959	282,761
Other Operating Revenues	12,401	0	12,401
Total Operating Revenues	<u>991,797</u>	<u>252,959</u>	<u>1,244,756</u>
<u>Operating Expenses:</u>			
Salaries	383,361	71,012	454,373
Fringe Benefits	195,301	37,778	233,079
Purchased Services	90,046	0	90,046
Materials and Supplies	69,691	0	69,691
Cost of Sales	562,456	0	562,456
Depreciation	20,729	0	20,729
Other Operating Expenses	1,400	3,934	5,334
Total Operating Expenses	<u>1,322,984</u>	<u>112,724</u>	<u>1,435,708</u>
Operating Income (Loss)	<u>(331,187)</u>	<u>140,235</u>	<u>(190,952)</u>
<u>Non-Operating Revenues (Expenses):</u>			
Federal Donated Commodities	108,416	0	108,416
Operating Grants	261,228	0	261,228
Interest	3,552	22,771	26,323
Loss on Disposal of Fixed Assets	(4,126)	0	(4,126)
Total Non-Operating Revenues (Expenses)	<u>369,070</u>	<u>22,771</u>	<u>391,841</u>
Net Income (Loss)	37,883	163,006	200,889
Depreciation on Fixed Assets Acquired by Contributed Capital	2,593	0	2,593
Retained Earning (Deficit) at Beginning of Year (Restated)	<u>381,507</u>	<u>(1,279,442)</u>	<u>(897,935)</u>
Retained Earnings (Deficit) at End of Year	<u>421,983</u>	<u>(1,116,436)</u>	<u>(694,453)</u>
Contributed Capital at Beginning of Year (Restated)	263,741	0	263,741
Contributions During the Year from			
Capital Grants	0	0	0
Depreciation on Fixed Assets Acquired by Contributed Capital	<u>(2,593)</u>	<u>0</u>	<u>(2,593)</u>
Contributed Capital at End of Year	<u>261,148</u>	<u>0</u>	<u>261,148</u>
Fund Equity (Deficit) at End of Year	<u>\$683,131</u>	<u>(\$1,116,436)</u>	<u>(\$433,305)</u>

See Accompanying Notes to the General Purpose Financial Statements

Celina City School District
Mercer County

**Combined Statement of Revenues, Expenses,
and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual
All Proprietary Fund Types
For the Fiscal Year Ended June 30, 2000**

	Enterprise Funds			Internal Service Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Tuition	\$62,900	\$61,959	(\$941)	\$0	\$0	\$0
Sales	903,750	887,038	(16,712)	0	0	0
Charges for Services	33,500	28,711	(4,789)	238,500	252,959	14,459
Operating Grants	280,900	262,342	(18,558)	0	0	0
Interest	3,500	3,552	52	25,400	23,881	(1,519)
Other Revenues	13,950	12,318	(1,632)	0	0	0
Total Revenues	1,298,500	1,255,920	(42,580)	263,900	276,840	12,940
Expenses:						
Salaries	427,000	386,738	40,262	117,350	116,503	847
Fringe Benefits	215,573	198,639	16,934	120,000	105,618	14,382
Purchased Services	122,827	105,807	17,020	0	0	0
Materials and Supplies	447,973	385,681	62,292	0	0	0
Capital Outlay	299,459	284,405	15,054	0	0	0
Other Expenses	6,229	2,445	3,784	4,000	3,719	281
Total Expenses	1,519,061	1,363,715	155,346	241,350	225,840	15,510
Excess of Revenues Over (Under) Expenses	(220,561)	(107,795)	112,766	22,550	51,000	28,450
Fund Balances at Beginning of Year	236,355	236,355	0	359,353	359,353	0
Prior Year Encumbrances Appropriated	59,920	59,920	0	45,000	45,000	0
Fund Balances at End of Year	\$75,714	\$188,480	\$112,766	\$426,903	\$455,353	\$28,450

See Accompanying Notes to the General Purpose Financial Statements

**Celina City School District
Mercer County**

**Combined Statement of Cash Flows
All Proprietary Fund Types
For the Fiscal Year Ended June 30, 2000**

	<u>Enterprise</u>	<u>Internal Service</u>	<u>Totals (Memorandum Only)</u>
<u>Increase (Decrease) in Cash and Cash Equivalents</u>			
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Tuition	\$61,959	\$0	\$61,959
Cash Received from Customers	915,749	0	915,749
Cash Received from Quasi-External Transactions	0	252,959	252,959
Cash Received from Other Revenues	12,318	0	12,318
Cash Payments for Salaries	(386,738)	(116,503)	(503,241)
Cash Payments for Fringe Benefits	(195,362)	(60,618)	(255,980)
Cash Payments to Suppliers for Goods and Services	(629,743)	0	(629,743)
Cash Payments for Other Expenses	(1,495)	(3,719)	(5,214)
Net Cash Provided by (Used for) Operating Activities	<u>(223,312)</u>	<u>72,119</u>	<u>(151,193)</u>
<u>Cash Flows from Noncapital Financing Activities:</u>			
Cash Received from Operating Grants	<u>262,342</u>	<u>0</u>	<u>262,342</u>
<u>Cash Flows from Capital Financing Activities:</u>			
Cash Payments for Fixed Assets	(79,652)	0	(79,652)
<u>Cash Flows from Investing Activities:</u>			
Cash Received from Interest	3,552	23,881	27,433
Cash Received from Maturity of Investment	0	50,000	50,000
Net Cash Provided by Investing Activities	<u>3,552</u>	<u>73,881</u>	<u>77,433</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(37,070)	146,000	108,930
Cash and Cash Equivalents at Beginning of Year	<u>296,275</u>	<u>304,353</u>	<u>600,628</u>
Cash and Cash Equivalents at End of Year	<u>\$259,205</u>	<u>\$450,353</u>	<u>\$709,558</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</u>			
Operating Income (Loss)	(\$331,187)	\$140,235	(\$190,952)
<u>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</u>			
Depreciation	20,729	0	20,729
Donated Commodities Used During Year	108,416	0	108,416
Changes in Assets and Liabilities:			
Decrease in Accounts Receivable	344	0	344
Decrease in Intergovernmental Receivable	500	0	500
Increase in Due from Other Funds	(2,188)	0	(2,188)
(Increase) Decrease in Prepaid Items	(555)	8,213	7,658
Increase in Inventory Held for Resale	(16,690)	0	(16,690)
Increase in Materials and Supplies Inventory	(2,059)	0	(2,059)
Increase in Accounts Payable	492	0	492
Decrease in Accrued Wages and Benefits	(1,394)	0	(1,394)
Decrease in Compensated Absences Payable	(209)	(45,491)	(45,700)
Decrease in Intergovernmental Payable	(204)	(30,838)	(31,042)
Increase in Due to Other Funds	693	0	693
Net Cash Provided by (Used for) Operating Activities	<u>(\$223,312)</u>	<u>\$72,119</u>	<u>(\$151,193)</u>

See Accompanying Notes to the General Purpose Financial Statements

**CELINA CITY SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000**

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 statute and/or federal guidelines.

The School District is located in Mercer County, and includes all of the City of Celina and portions of Butler, Center, Franklin, Hopewell, Jefferson, Liberty, and Washington Townships. The School District is staffed by one hundred fifty-nine classified employees, two hundred thirteen certified teaching personnel, and twenty-three administrative employees who provide services to 3,206 students and other community members. The School District currently operates six instructional buildings and one bus garage.

Reporting Entity:

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

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

The School District is associated with four jointly governed organizations and two insurance pools. These organizations are the Mercer County Local Professional Development Committee, the West Central Ohio Special Education Regional Resource Center, the West Central Ohio Regional Professional Development Center, the Northwest Ohio Area Computer Services Cooperative, the Ohio School Boards Association Workers' Compensation Group Rating Program, and the Mercer-Auglaize Schools Employee Benefit Trust. These organizations are presented in Notes 22 and 23 to the general purpose financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

**CELINA CITY SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis of Presentation - Fund Accounting

The School District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain School District functions or activities.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities not recorded in the funds because they do not directly affect net available expendable resources.

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

Governmental Fund Types:

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

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

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

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

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

Proprietary Fund Types:

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

**CELINA CITY SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis of Presentation - Fund Accounting (Continued)

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

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

Fiduciary Fund Types:

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

Account Groups:

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

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

General Long-Term Obligations Account Group - This account group is established to account for all long-term obligations of the School District, except those accounted for in the proprietary or trust funds.

B. Measurement Focus and Basis of Accounting

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

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

**CELINA CITY SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus and Basis of Accounting (Continued)

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The modified accrual basis of accounting is followed for the governmental fund types, expendable trust and agency funds. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period for the School District is sixty days after fiscal year end.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: taxpayer-assessed income taxes, grants, interest, tuition, and student fees.

The School District reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 2000, and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2001 operations, have been recorded as deferred revenue.

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

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund types. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported on the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

C. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

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

**CELINA CITY SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Budgetary Process (Continued)

Tax Budget:

Prior to January 15, the Superintendent and Treasurer submit, to the Board of Education, a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing or increased tax rates.

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

Estimated Resources:

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates, as determined by the County Budget Commission, and receives the commission's certificate of estimated resources, which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered cash balances from the preceding fiscal year. The certificate of estimated resources may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate of estimated resources issued during fiscal year 2000.

Appropriations:

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

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

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

**CELINA CITY SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Budgetary Process (Continued)

Encumbrances:

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

Lapsing of Appropriations:

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

D. Cash and Investments

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

The School District was required to deposit monies into separate accounts for the accumulated retainage on contracts for construction and renovation to the School District's buildings. The amount held within these accounts is reflected on the combined balance sheet as "Restricted Assets: Cash and Cash Equivalents with Escrow Agent".

During fiscal year 2000, investments were limited to non-negotiable certificates of deposit and manuscript notes. Non-negotiable certificates of deposit are reported at cost. Manuscript notes are reported at fair value, which is based on quoted market prices.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. Interest revenue credited to the general fund during fiscal year 2000 was \$310,926, which included approximately \$87,000 assigned from other School District funds.

For purposes of the combined statement of cash flows and for presentation of the combined balance sheet, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an initial maturity of more than three months, and those not purchased from the pool, are reported as investments.

E. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2000, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed.

**CELINA CITY SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Inventory

Inventories of proprietary fund types are stated at the lower of cost or market. Cost is determined on a first-in, first-out basis. Inventories of proprietary fund types consist of donated food, purchased food, and school supplies held for resale and are expensed when used.

G. Restricted Assets

Restricted assets in the general and capital projects funds represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets represent amounts required by State statute to create a reserve for budget stabilization. Restricted assets also include unexpended revenues restricted for the purchase of school buses.

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

H. Fixed Assets and Depreciation

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

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

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

I. Interfund Assets/Liabilities

Short-term interfund loans are classified as "interfund receivables" and "interfund payables". Receivables and payables resulting from transactions between funds for services provided or goods received are classified as "due from other funds" or "due to other funds" on the combined balance sheet.

J. Compensated Absences

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

**CELINA CITY SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Compensated Absences (Continued)

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

The School District has created an internal service fund to account for the payment of all sick leave upon termination. The fund charged 1.5 percent of gross payroll from July 1, 1999, through February 29, 2000, and 2 percent of gross payroll from March 1, 2000, through June 30, 2000. Sick leave benefits are accrued as a liability in the internal service fund using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy. The School District records a liability for accumulated unused sick leave for classified employees, certified employees, and administrators with ten years of service with the School District and age fifty, or any employee with twenty or more years of service.

K. Accrued Liabilities and Long-Term Obligations

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

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

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

L. Contributed Capital

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

**CELINA CITY SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Fund Balance Reserves and Designations

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

The reserve for budget stabilization represents money required to be set aside by State statute to protect against cyclical changes in revenues and expenditures. The designation for textbooks, capital improvements, and budget stabilization in the general fund represents revenues set aside that exceed statutorily required amounts. The designation for textbooks in the capital projects funds indicates the Board's intended use of those funds.

N. Intergovernmental Revenues

For governmental funds, intergovernmental revenues, such as grants awarded on a non-reimbursement basis, entitlements, and shared revenues are recorded as receivables and revenues when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Other than commodities, grants and entitlements for proprietary fund operations are recognized as non-operating revenues in the accounting period in which they are earned and become measurable.

The School District currently participates in several State and Federal programs, categorized as follows:

Entitlements

General Fund

- State Foundation Program
- State Property Tax Relief
- School Bus Purchase Allocation

Non-Reimbursable Grants

Special Revenue Funds

- Auxiliary Services
- Career Development
- Post Secondary Vocational Education
- Professional Development
- Early Childhood
- Education Management Information Systems
- Public School PreSchool
- SchoolNet Professional Development
- Ohio Reads
- School Improvement Incentives
- Safe School Help-Line
- Title II Eisenhower
- Title VI B
- Career and Technical
- Headstart
- Title I
- Title VI
- Drug Free Education

**CELINA CITY SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Intergovernmental Revenues

Latchkey
PreSchool Handicapped
Class Size Reduction
Continuous Improvement
Capital Projects Funds
Vocational Equipment
School Net Plus

Reimbursable Grants

General Fund
Driver Education

Special Revenue Fund
Federal E Rate

Enterprise Funds

National School Breakfast Program
National School Lunch Program
Government Donated Commodities

Grants and entitlements were 46 percent of the revenues of the School District's governmental fund types during the 2000 fiscal year.

O. Interfund Transactions

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

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

P. Use of Estimates

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

Q. Total Columns on General Purpose Financial Statements

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

**CELINA CITY SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

NOTE 3 - CORRECTION OF AN ERROR

In fiscal year 1999, the District received a grant for \$74,536 to purchase cafeteria equipment and reported this as an operating grant. The correction of this error had the following effects on the Enterprise retained earnings and contributed capital as they were previously report as of June 30, 1999:

	<u>Retained Earnings</u>	<u>Contributed Capital</u>
Balances as previously reported	\$456,043	\$189,205
Restatement of Contributed Capital	(74,536)	74,536
Restated Balances as of June 30, 1999	381,507	\$263,741

NOTE 4 - ACCOUNTABILITY

At June 30, 2000, the career development, education management information systems, Ohio reads, Headstart, Title I, drug free education, and class size reduction special revenue funds had deficit fund balances of \$4,591, \$2,661, \$493, \$52,851, \$40,487, \$1,044, and \$3,373, respectively. The deficits resulted from expenditures made in excess of available revenues. The general fund is liable for any deficit in these funds and provides operating transfers when cash is required, not when accruals occur.

At June 30, 2000, the severance internal service fund had deficit retained earnings of \$1,178,960. The deficit resulted from an accumulation of net losses. The fund accumulates revenues to handle the payment of termination benefits based on an estimate of the current and future payouts. Annually, the School District evaluates the rate charged to other funds to determine if additional funding is needed to eliminate the deficit.

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING

While the School District is reporting financial position, results of operations, and changes in fund balances/retained earnings on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual - All Governmental Fund Types and Expendable Trust Funds and the Combined Statement of Revenues, Expenses, and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual - All Proprietary Fund Types are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and the expendable trust funds and as note disclosure in the proprietary fund types (GAAP basis).

**CELINA CITY SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING (Continued)

4. For enterprise funds, the acquisition and construction of fixed assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
5. Proceeds from and principal payments on tax anticipation notes are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
6. The School District repays tax anticipation notes from the debt service fund (budget basis) as opposed to the fund that received the proceeds (GAAP basis). Debt service fund resources used to pay both principal and interest have been allocated accordingly.
7. The School District does not budget for the activities of the retainage accounts; however, the activity of the retainage accounts is included in the capital projects fund for GAAP reporting.

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

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

	Governmental Fund Types				Expendable Trust
	General	Special Revenue	Debt Service	Capital Projects	
GAAP Basis	\$931,400	(\$101,491)	(\$4,148)	\$1,018,511	(\$15,067)
Adjustments:					
Revenue Accruals	113,283	67,227	(1,078)	(19,497)	(385)
Expenditure Accruals	133,834	29,766	0	131,670	0
Prepaid Items	(20,498)	(2,816)	0	0	0
Notes Payable	0	0	(50,000)	0	0
Note Interest	0	0	(5,328)	3,783	0
Advances In	158,865	356,108	0	0	0
Advances Out	(356,108)	(158,865)	0	0	0
Transfer of Debt Activity	0	0	55,328	(55,328)	0
Nonbudgeted Activity	0	0	0	(1,227)	0
Encumbrances Outstanding at Year End (Budget Basis)	(1,143,634)	(150,143)	0	(1,026,600)	(28,420)
Budget Basis	<u>(\$182,858)</u>	<u>\$39,786</u>	<u>(\$5,226)</u>	<u>\$51,312</u>	<u>(\$43,872)</u>

**CELINA CITY SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING (Continued)

	Enterprise	Internal Service
Net Income (Loss)/Excess of Revenues Over (Under) Expenses All Proprietary Fund Types		
GAAP Basis	\$37,883	\$163,006
Adjustments:		
Revenue Accruals	(230)	(380)
Expense Accruals	(622)	(76,329)
Net Increase in Fair Value	0	1,490
Prepaid Items	(555)	8,213
Inventory Held for Resale	(16,690)	0
Materials and Supplies Inventory	(2,059)	0
Acquisition of Fixed Assets	(79,652)	0
Depreciation	20,729	0
Loss on Disposal of Fixed Assets	4,126	0
Encumbrances Outstanding at Year End (Budget Basis)	(70,725)	(45,000)
Budget Basis	(\$107,795)	\$51,000

NOTE 6 - DEPOSITS AND INVESTMENTS

State statutes classify monies held by the School District into three categories.

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

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

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

Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution, or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

**CELINA CITY SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

NOTE 6 - DEPOSITS AND INVESTMENTS (Continued)

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency services shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAROhio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 25 percent of the interim monies available for investment at any one time; and
8. Under limited circumstances, corporate debt interests rated in either of the two highest rated classifications by at least two nationally recognized rating agencies.

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

At fiscal year end, the School District had \$1,055 in undeposited cash on hand which is included on the combined balance sheet of the School District as part of "Equity in Pooled Cash and Cash Equivalents".

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

**CELINA CITY SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

NOTE 6 - DEPOSITS AND INVESTMENTS (Continued)

At fiscal year end, the carrying amount of the School District's deposits was \$7,456,045 and the bank balance was \$7,925,485. Of the bank balance \$301,227 was covered by federal depository insurance. The remaining amount was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

The School District's investments are categorized to give an indication of the level of risk assumed by the School District at fiscal year end. Category 1 includes investments that are insured or registered for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the School District's name. The only investment held by the School District at June 30, 2000, was manuscript notes, which had a fair value of \$49,545 and is a Category 1 investment.

The classification of cash and cash equivalents and investments on the combined balance sheet is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting".

A reconciliation between the classification of cash and cash equivalents and investments on the combined balance sheet and the classification of deposits and investments according to GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement No. 9	\$7,457,100	\$49,545
Cash on Hand	(1,055)	0
GASB Statement No. 3	\$7,456,045	\$49,545

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, public utility, and tangible personal (used in business) property located in the School District. Real and public utility property tax revenues received in calendar year 2000 represent the collection of calendar year 1999 taxes. Real property taxes were levied after April 1, 2000, on the assessed values as of January 1, 2000, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility real and tangible personal property taxes were levied after April 1, 2000, on the assessed values as of December 31, 1999, the lien date. Public utility real property is assessed at 35 percent of true value; tangible personal property is currently assessed at varying percentages of true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

**CELINA CITY SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

NOTE 7 - PROPERTY TAXES (Continued)

Tangible personal property tax revenues received in calendar year 2000 (other than public utility property) represent the collection of calendar year 2000 taxes. Tangible personal property taxes were levied after April 1, 1999, on the value as of December 31, 1999. Tangible personal property is currently assessed at 25 percent of true value. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The School District receives property taxes from Mercer County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2000, are available to finance fiscal year 2000 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, public utility property, and tangible personal property taxes which were measurable as of June 30, 2000. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. There were no amounts available as an advance at June 30, 2000, or June 30, 1999.

The assessed values upon which the fiscal year 2000 taxes were collected are:

	1999 Second Half Collections		2000 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$221,337,340	82.03%	\$266,560,550	86.10%
Public Utility	12,521,950	4.64	12,588,220	4.07
Tangible Personal	35,962,523	13.33	30,425,184	9.83
Total Assessed Value	<u>\$269,821,813</u>	<u>100.00%</u>	<u>\$309,573,954</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$36.46		\$35.23	

During fiscal year 2000, the emergency tax levy was reduced by 1.23 mills due to the increased tax valuation. The emergency tax levy was passed by the citizens to generate \$2,300,000 each fiscal year.

NOTE 8 - INCOME TAXES

The School District levies a voted tax of 0.75 percent for general operations and 0.25 percent for permanent improvements on the income of residents and of estates. The .25 percent portion of the tax was effective on January 1, 1996, and the .75 percent portion of the tax was effective January 1, 1998. Both tax levies are for five years. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the general fund and the permanent improvement capital projects fund.

**CELINA CITY SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

NOTE 9 - PAYMENT IN LIEU OF TAXES

As provided by State law, the School District has entered into agreements with a number of property owners under which the School District has granted property tax abatements to those property owners. The property owners have agreed to make payments to the School District which reflect all or a portion of the property taxes which the property owners would have paid if their taxes had not been abated. The property owners' contractual promises to make these payments in lieu of taxes generally continue until the agreement expires. Payments in lieu of taxes for fiscal year 2000 were to \$1,082,838.

NOTE 10 - RECEIVABLES

Receivables at June 30, 2000, consisted of both property and income taxes, payments in lieu of taxes, accounts (rent, billings for user charged services, and student fees), intergovernmental, accrued interest, interfund, and charges to other funds for services provided to them. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

A summary of the principal items of intergovernmental receivables follows:

	Amounts
General Fund	
Driver Education	\$650
Substitute Reimbursement	84
Restitution	116
Rental	21,000
Total General Fund	21,850
Enterprise Fund	
Food Service	
Federal Lunch Program	28,994
Federal Summer Lunch Program	3,154
School Breakfast Program	4,443
Total Enterprise Fund	36,591
Total Intergovernmental Receivables	\$58,441

NOTE 11 - FIXED ASSETS

A summary of the enterprise funds' fixed assets at June 30, 2000, follows:

Vehicles	\$2,025
Furniture and Equipment	550,578
Total Fixed Assets	552,603
Less Accumulated Depreciation	(218,184)
Net Fixed Assets	\$334,419

**CELINA CITY SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

NOTE 11 - FIXED ASSETS (Continued)

A summary of the changes in general fixed assets during fiscal year 2000 follows:

Asset Category	Balance at June 30, 1999	Additions	Reductions	Balance at June 30, 2000
Land and Improvements	\$571,401	\$111,297	\$0	\$682,698
Buildings and Improvements	26,003,724	23,347	24,308	26,002,763
Furniture, Fixtures, and Equipment	4,299,399	786,250	87,312	4,998,337
Vehicles	1,815,792	324,590	211,886	1,928,496
Construction in Progress	217,354	324,346	217,354	324,346
Total	<u>\$32,907,670</u>	<u>\$1,569,830</u>	<u>\$540,860</u>	<u>\$33,936,640</u>

NOTE 12 - INTERFUND ASSETS/LIABILITIES

As of June 30, 2000, receivables and payables that resulted from various interfund transactions were as follows:

	Due to/from Other Funds		Interfund Receivable/Payable	
	Receivable	Payable	Receivable	Payable
General Fund	\$10,332	\$40	\$359,606	\$0
Special Revenue Funds				
Rotary	0	1,818	0	4,000
Public School Support	0	986	0	0
Career Development	0	0	0	7,337
Post Secondary Vocational Education	0	0	0	8,180
Education Management Information System	0	0	0	10,500
Ohio Reads	0	0	0	125,000
Title VI B	0	0	0	30,000
Post Secondary Vocational Education	0	7,095	0	18,957
Head Start	0	0	0	82,671
Title I	0	0	0	50,000
Title VI	0	0	0	13,168
Drug Free Education	0	1,591	0	6,293
Total Special Revenue Funds	<u>0</u>	<u>11,490</u>	<u>0</u>	<u>356,106</u>
Enterprise Funds				
Food Service	597	0	0	0
Construction	0	96	0	0
Special Enterprises	1,591	597	0	0
Total Enterprise Funds	<u>2,188</u>	<u>693</u>	<u>0</u>	<u>0</u>
Agency Fund				
Student Activities	\$40	\$337	\$0	\$3,500
Total	<u>\$12,560</u>	<u>\$12,560</u>	<u>\$359,606</u>	<u>\$359,606</u>

**CELINA CITY SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

NOTE 13 - 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 2000, the School District contracted for the following insurance coverages:

Coverages provided by Indiana Insurance Company are as follows:

Building and Contents - Replacement Cost (\$1,000 deductible)	\$61,014,415
Commercial Crime	1,000- 5,100
Commercial Inland Marine (\$1,000 deductible)	28,969
Commercial Auto Liability	1,000,000
Medical	5,000
Uninsured Driver	1,000,000
Collision (\$250 deductible)	5,000
Builders Risk (\$250 deductible)	165,000

Coverages provided by Wausau Insurance Company are as follows:

School District Liability Per Occurrence	1,000,000
Per Aggregate	5,000,000
Commercial Umbrella Liability Per Occurrence	2,000,000
Miscellaneous Property Coverage	40,167

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

The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (the 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. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP.

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

**CELINA CITY SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

NOTE 13 - RISK MANAGEMENT (Continued)

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

NOTE 14 - DEFINED BENEFIT PENSION PLANS

A. State Teachers Retirement System

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

Plan members are required to contribute 9.3 percent of their annual covered salary and the School District is required to contribute 14 percent; 6 percent was the portion used to fund pension obligations for fiscal year 2000. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contribution for pension obligations to STRS for the fiscal years ended June 30, 2000, 1999, and 1998, were \$612,365, \$573,480, and \$936,944, respectively; 82 percent has been contributed for fiscal year 2000 and 100 percent for fiscal years 1999 and 1998. The unpaid contribution for fiscal year 2000, in the amount of \$109,200, is recorded as a liability within the respective funds.

B. School Employees Retirement System

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

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute an actuarially determined rate. The current rate is 14 percent of annual covered payroll; 5.5 percent was the portion used to fund pension obligations for fiscal year 2000. For fiscal year 1999, 7.7 percent was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The School District's required contribution for pension obligations to SERS for the fiscal years ended June 30, 2000, 1999, and 1998, were \$165,150, \$217,213, and \$234,789, respectively; 46 percent has been contributed for fiscal year 2000 and 100 percent for fiscal years 1999 and 1998. The unpaid contribution for fiscal year 2000, in the amount of \$89,263, is recorded as a liability within the respective funds and the general long-term obligations account group.

**CELINA CITY SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

NOTE 14 - DEFINED BENEFIT PENSION PLANS (Continued)

B. School Employees Retirement System (Continued)

C. Social Security System

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

NOTE 15 - POSTEMPLOYMENT BENEFITS

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

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For fiscal year 2000, the Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$816,486 for fiscal year 2000.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$2,783 million at June 30, 1999 (the latest information available). For the fiscal year ended June 30, 1999, net health care costs paid by STRS were \$249,929,000, and STRS had 95,796 eligible benefit recipients.

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

For this fiscal year, employer contributions to fund health care benefits were 8.5 percent of covered payroll, an increase from 6.3 percent for fiscal year 1999. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2000, the minimum pay has been established at \$12,400. For the School District, the amount to fund health care benefits, including the surcharge, was \$324,436 for fiscal year 2000.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 1999, were \$126,380,984, and the target level was \$189.6 million. At June 30, 1999, SERS had net assets available for payment of health care benefits of \$188 million. SERS has approximately 51,000 participants currently receiving health care benefits.

**CELINA CITY SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

NOTE 16 - OTHER EMPLOYEE BENEFITS

A. Compensated Absences

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

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

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

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

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

Sick leave may be accumulated to a maximum of one hundred ninety days for classified employees. Upon retirement, payment is made for 33 percent of accrued, but unused sick leave credit to a maximum of 62.7 days for classified employees.

B. Medical, Life, and Dental Insurance

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

The School District provides life and dental insurance benefits through CoreSource. The premium is a set fee per employee for life insurance. The premium varies with each employee depending on marital and family status for dental insurance.

C. Early Retirement Incentive

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

**CELINA CITY SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

NOTE 17 - NOTES PAYABLE

The School District issued \$250,000 in permanent improvement tax anticipation notes in fiscal year 1996 for the purchase of textbooks. The notes mature over a five year period and bear interest of 5.3 percent. The proceeds of the notes were recorded in the permanent improvement capital projects fund. By Ohio law, the notes were issued in anticipation of tax revenues. During fiscal year 2000, the School District paid \$50,000 on the notes, leaving a remaining balance of \$50,000.

Principal and interest requirements to retire the notes at June 30, 2000, were \$52,664.

NOTE 18 - LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2000 were as follows:

	<u>Interest Rate</u>	<u>Balance at June 30, 1999</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at June 30, 2000</u>
<u>General Long-Term Obligations</u>					
General Obligation Bonds					
1996 School Improvement					
Serial and Term Bonds	3.6 - 5.70%	\$16,100,000	0	410,000	\$15,690,000
Capital Appreciation Bonds	14.875 - 16.40	660,907	107,325	0	768,232
1995 Energy Conservation Notes	4.8 - 6.95	765,000	0	105,000	660,000
1991 Asbestos Removal Loan	0	417,008	0	43,896	373,112
Total General Long-Term Obligations		17,942,915	107,325	558,896	17,491,344
Compensated Absences Payable		5,916	81,111	0	87,027
Intergovernmental Payable		139,076	172,384	139,076	172,384
Total Long-Term Obligations		<u>\$18,087,907</u>	<u>\$360,820</u>	<u>\$697,972</u>	<u>\$17,750,755</u>

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

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

<u>Year</u>	<u>Amount</u>
2008	\$650,000
2009	695,000
2011	745,000

**CELINA CITY SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

NOTE 18 - LONG-TERM OBLIGATIONS (Continued)

The term bonds maturing on December 1, 2016, are subject to mandatory sinking fund redemption, in part by lot, pursuant to the terms of the mandatory sinking fund redemption requirements of the School District. The mandatory redemption is to occur on December 1, in each of the years 2012 through 2015 (with the balance of \$1,160,000 to be paid at stated maturity on December 1, 2016) at a redemption price equal to 100 percent of the principal amount redeemed, plus accrued interest to the redemption date, according to the following schedule:

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

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

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

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

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

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

The capital appreciation bonds will mature in fiscal years 2004 through 2006. The maturity amount of the bonds is \$1,735,000. For fiscal year 2000, \$107,325 was accreted for a total bond value of \$768,232.

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

**CELINA CITY SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

NOTE 18 - LONG-TERM OBLIGATIONS (Continued)

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

Compensated absences and intergovernmental payables, representing the School District's contractually required pension contributions, will be paid from the fund from which the employees' salaries are paid. The change in compensated absences is presented at net because it is not practical to determine the actual increase and decrease.

The School District's overall debt margin was \$11,716,522 with an unvoted debt margin of \$309,574 at June 30, 2000.

Principal and interest requirements to retire general obligation debt outstanding at June 30, 2000, were as follows:

Fiscal Year Ending June 30,	General Obligation Bonds	Energy Conservation Bonds	Asbestos Removal Loan	Total
2001	\$1,263,963	\$141,845	\$43,896	\$1,449,704
2002	1,278,594	136,290	43,896	1,458,780
2003	1,281,407	130,625	43,896	1,455,928
2004	1,287,452	124,850	43,896	1,456,198
2005	1,309,997	118,965	43,896	1,472,858
2006-2010	6,693,396	112,999	153,632	6,960,027
2011-2015	7,038,570	0	0	7,038,570
2016-2020	7,329,410	0	0	7,329,410
2021	1,308,469	0	0	1,308,469
Total	<u>\$28,791,258</u>	<u>\$765,574</u>	<u>\$373,112</u>	<u>\$29,929,944</u>

NOTE 19 - RESERVATIONS OF FUND BALANCE

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

**CELINA CITY SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

NOTE 19 - RESERVATIONS OF FUND BALANCE (Continued)

The following cash basis information identifies the changes in the fund balance reserves for textbooks, capital improvements and budget stabilization during fiscal year 2000.

	<u>Textbook</u>	<u>Capital Improvements</u>	<u>Budget</u>
Balance June 30, 1999	\$0	\$0	\$238,287
Current Year Set Aside Requirement	458,389	458,389	152,796
Workers' Compensation	0	0	2,144
Current Year Offsets	(106,621)	(502,354)	(108,128)
Qualifying Expenditures	(576,712)	(305,842)	0
Total	<u>(224,944)</u>	<u>(349,807)</u>	<u>285,099</u>
Amount Carried Forward to Fiscal Year 2001	<u>(\$224,944)</u>	<u>\$0</u>	<u>\$285,099</u>
Set Aside Reserve Balance June 30, 2000	<u>\$0</u>	<u>\$0</u>	<u>\$285,099</u>

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

NOTE 20 - CONTRACTUAL COMMITMENTS

As of June 30, 2000, the School District had contractual purchase commitments as follows:

<u>Company</u>	<u>Project</u>	<u>Amount Remaining on Contract</u>
Walsworth Publishing	Yearbook	\$6,500
Freytag & Associates	Construction Documents	20,000
Ohio Plumbing and Electric	Plumbing Contract on Annex	76,678
Area Energy & Electric	Electrical Contract on Annex	123,117
Dotson Plumbing & Heating	HVAC Contract on Annex	232,645
H. A. Dorsten	General Contractor on Annex	667,525
CCM Computer Center	Computer Equipment	44,073
Halker Drywall	Wall Panels	20,640
Schuck Industries	Stadium Bleachers	22,000
Armor Fire Protection	Fire Protection on Annex	21,330
H. A. Dorsten	Acoustic Deck/Ceiling	19,680

**CELINA CITY SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

NOTE 21 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The School District maintains four enterprise funds to account for the operations of food service, construction (the School District constructs homes for resale as part of their curriculum), adult education, and special enterprises. The table below reflects the more significant financial data relating to the enterprise funds of the Celina City School District as of and for the fiscal year ended June 30, 2000.

	Food Service	Construction	Adult Education	Special Enterprises	Total Enterprise Funds
Operating Revenues	\$739,587	\$148,558	\$73,851	\$29,801	\$991,797
Operating Expenditures before Depreciation	1,063,995	144,536	72,215	21,509	1,302,255
Depreciation	16,597	0	4,132	0	20,729
Operating Income (Loss)	(341,005)	4,022	(2,497)	8,293	(331,187)
Federal Donated	108,416	0	0	0	108,416
Operating Grants	261,228	0	0	0	261,228
Net Income (Loss)	28,065	4,022	(2,497)	8,293	37,883
Fixed Asset Additions	74,536	0	5,116	0	79,652
Fixed Asset Reductions	9,007	0	0	0	9,007
Net Working Capital	67,671	194,423	58,554	29,269	349,917
Total Assets	528,528	194,785	77,043	29,866	830,222
Total Equity	386,482	194,423	72,957	29,269	683,131
Encumbrances Outstanding at Year End (Budget Basis)	27,346	36,513	5,975	891	70,725

NOTE 22 - JOINTLY GOVERNED ORGANIZATIONS

A. Mercer County Local Professional Development Committee

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

B. West Central Ohio Special Education Regional Resource Center

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

**CELINA CITY SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

NOTE 22 - JOINTLY GOVERNED ORGANIZATIONS (Continued)

C. West Central Regional Professional Development Center

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

The Center is governed by a 52 member board made up of representatives from the participating school districts, the business community, and two institutions of higher learning. The degree of control exercised by any participating school district is limited to its representation on the Board. Financial information may be obtained by Brad Browne, Hancock County Educational Service Center, 7746 County Road 140, Findlay, Ohio 45840.

D. Northwest Ohio Area Computer Services Cooperative

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

NOTE 23 - INSURANCE POOLS

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

The School District participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association Workers' Compensation Group Rating 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.

B. The Mercer-Auglaize Schools Employee Benefits Trust

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

**CELINA CITY SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

NOTE 23 - INSURANCE POOLS (Continued)

Each participant decides which plans offered by the Administrative Committee will be extended to its employees. Participation in the Trust is by written application subject to acceptance by the Administrative Committee and payment of the monthly premiums. Financial information can be obtained from Jim Mauntler, Schmidt, Long, and Associates, Inc., 4159 Holland-Sylvania Road, Suite 103, Toledo, Ohio 43623.

NOTE 24 - SCHOOL FUNDING

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's Legislature to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "School Foundation Program", which provides significant monetary support to the School District. During the fiscal year ended June 30, 2000, the School District received \$9,064,749 of school foundation support for its general fund.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the Ohio General Assembly in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. On May 11, 2000, the Supreme Court rendered an opinion on this issue. The Supreme Court concluded, "...the mandate of the [Ohio] Constitution has not been fulfilled". The Supreme Court's majority recognized efforts by the Ohio General Assembly taken in response to the Court's March 24, 1997, decision; however, it found seven "...major areas warrant further attention, study, and development by the Ohio General Assembly...", including the State's reliance on local property tax funding; the State's basic aid formula; the school foundation program, as discussed above; the mechanism for, and adequacy of, funding for school facilities; and the existence of the State's school solvency assistance fund, which the Supreme Court found took the place of the unconstitutional emergency school loan assistance program.

The Supreme Court decided to maintain jurisdiction over these issues and continued the case at least until June 15, 2001.

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

NOTE 25 - CONTINGENCIES

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2000.

B. Litigation

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

**CELINA CITY SCHOOL DISTRICT
MECER COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR YEAR ENDED JUNE 30, 2000**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
U.S. DEPARTMENT OF AGRICULTURE						
(Passed through Ohio Department of Education)						
National School Breakfast Program	043729-05-PU-0000	10.553	\$26,030	\$0	\$26,030	\$0
National School Lunch Program (B)	043729-03-PU-0000	10.555	225,025	0	225,025	0
Child Care Food Program	136457-21-ML-0000	10.558	41,217	0	41,217	0
Food Distribution Program	N/A	10.550	0	119,811	0	108,644
Total U.S. Department of Agriculture - Nutrition Cluster			292,272	119,811	292,272	108,644
U.S. DEPARTMENT OF EDUCATION						
(Passed through Ohio Department of Education)						
Title VI-B Handicapped	043729-6B-SF99P	84.027	0	0	74,943	0
Title VI-B Handicapped	043729-6B-SF-99P	84.027	202,689	0	179,925	0
Total			202,689	0	254,868	0
Handicapped Preschool	04379-PG-S199P	84.173	0	0	2,563	0
Handicapped Preschool	04379-PG-S2000P	84.173	29,672	0	29,672	0
Total			29,672	0	32,235	0
Total Special Education Cluster			232,361	0	287,103	0
Goals 2000	043729-G2-S2-99	84.276	0	0	7,950	0
Title 1	043729-C1-S1-2000	84.010	240,133	0	230,893	0
Title 1	043729-C1-S100	84.010	0	0	14,492	0
Total			240,133	0	245,385	0
Class Size Reduction		84.340	55,220	0	49,503	0
Vocational Education Basic Grant	043729-20-C1-98	84.048	0	0	75	0
Vocational Education Basic Grant	043729-20-C1-99	84.048	16,979	0	31,579	0
Vocational Education Basic Grant	043729-20-C1-00	84.048	107,425	0	89,970	0
Total			124,404	0	121,624	0
Drug Free Schools	043729-DR-S1-99	84.186	(378)	0	2,558	0
Drug Free Schools	043729-DR-S1-99	84.186	6,263	0	6,263	0
Drug Free Schools	043729-DR-S1-00	84.186	8,412	0	7,864	0
Total			14,297	0	16,685	0
Eisenhower Professional Development	043729-MS-S1-99	84.281	(9,807)	0	138	0
Eisenhower Professional Development	043729-MS-S1-99C	84.281	9,807	0	9,807	0
Eisenhower Professional Development	043729-MS-S1-00	84.281	13,084	0	8,539	0
Total			13,084	0	18,484	0
Title VI - Innovative Education Program	043729-C2-S1-98C	84.298	(1,042)	0	0	0
Title VI - Innovative Education Program	043729-C2-S1-99C	84.298	(7,026)	0	7,353	0
Title VI - Innovative Education Program	043729-C2-S1-99C	84.298	9,773	0	5,384	0
Title VI - Innovative Education Program	043729-C2-S1-00	84.298	5,644	0	0	0
Total			7,349	0	12,737	0
Total U. S. Department of Education			686,848	0	759,471	0
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES						
Direct Program						
Headstart Program	05CH5331/24	93.600	335,493	0	358,268	0
Headstart Program	05CH5331/25	93.600	384,507	0	363,412	0
Total Headstart Program			720,000	0	721,680	0
Dependent Care Plan	043729-DC-S1-99	93.575	(953)	0	1,215	0
Total U.S. Department of Health and Human Services			719,047	0	722,895	0
Total Federal Assistance			<u>\$1,698,167</u>	<u>\$119,811</u>	<u>\$1,774,638</u>	<u>\$108,644</u>

See Accompanying Notes to the Schedule of Federal Awards Expenditures

**CELINA CITY SCHOOL DISTRICT
MERCER COUNTY
NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2000**

NOTE A –SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B -NUTRITION CLUSTER

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2000, the District had \$24,202 in donated food commodity inventory.

NOTE C - MATCHING REQUIREMENTS

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

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

One First National Plaza
130 West Second Street
Suite 2040
Dayton, Ohio 45402
Telephone 937-285-6677
800-443-9274
Facsimile 937-285-6688
www.auditor.state.oh.us

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

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

To the Board of Education:

We have audited the financial statements of Celina City School District, Mercer County (the District), as of and for the year ended June 30, 2000, and have issued our report thereon dated January 8, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated January 8, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated January 8, 2001.

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

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

JIM PETRO
Auditor of State

January 8, 2001



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OFFICE OF THE AUDITOR**

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Suite 2040
Dayton, Ohio 45402
Telephone 937-285-6677
800-443-9274
Facsimile 937-285-6688

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

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

To the Board of Education:

Compliance

We have audited the compliance of Celina City School District, Mercer County (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2000. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2000. We noted certain instances of noncompliance that do not require inclusion in this report that we have reported to the management of the District in a separate letter dated January 8, 2001.

Internal Control Over Compliance

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

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses. We noted other matters involving the internal control over federal compliance that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated January 8, 2001.

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

JIM PETRO
Auditor of State

January 8, 2001

**CELINA CITY SCHOOL DISTRICT - MERCER COUNTY
FOR THE YEAR ENDED JUNE 30, 2000**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Head Start Program CFDA# 93.600 Nutrition Cluster CFDA#10.553, 10.555, 10.558, 10.550
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

None

3. FINDINGS FOR FEDERAL AWARDS

None

**CELINA CITY SCHOOL DISTRICT
MERCER COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2000**

Finding Number	Finding Summary	Fully Corrected	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
1999-10254-001	Ohio Rev. Code 117.28 - Overpayment of Compensation to a cafeteria employee	Yes	
1999-10254-002	40 USO 276a-276a-7 Prevailing Wages not paid on the Head Start portion of the bathroom and bus garage remodeling	Yes	
1999-10254-003	Food Service - Documentation of Ala Carte Revenues	Yes	



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

CELINA CITY SCHOOL DISTRICT

MERCER COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 1, 2001**