



**CITY OF CELINA  
MERCER COUNTY**

**SINGLE AUDIT**

**FOR THE YEAR ENDED DECEMBER 31, 2000**



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

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**STATE OF OHIO**



**CITY OF CELINA  
MERCER COUNTY**

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## REPORT OF INDEPENDENT ACCOUNTANTS

City of Celina  
Mercer County  
PO Box 513  
202 North Main Street  
Celina, Ohio 45822

To the City Council:

We have audited the accompanying general-purpose financial statements of the City of Celina, Mercer County, (the City) as of and for the year ended December 31, 2000, as listed in the table of contents. These general-purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the City as of December 31, 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 July 30, 2001 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

**Jim Petro**  
Auditor of State

July 30, 2001

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**CITY OF CELINA  
MERCER COUNTY**

**COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS  
AS OF DECEMBER 31, 2000**

<b>Assets and Other Debits</b>	<b>Governmental Fund Types</b>			
	<b>General</b>	<b>Special Revenue</b>	<b>Debt Service</b>	<b>Capital Projects</b>
<b>Assets:</b>				
Equity in Pooled Cash and Cash Equivalents	\$674,938	\$187,942	\$32,616	\$5,865
Cash and Cash Equivalents in Segregated Accounts				
Cash and Cash Equivalents with Fiscal Agents				
<b>Receivables:</b>				
Property Taxes	270,258	81,078		
Municipal Income Taxes	190,789			
Accounts (net, where applicable, of allowance for uncollectible accounts)	1,435			
Intergovernmental	105,101	29,239		
Special Assessments			50,454	20,021
Accrued Interest	900			
Interfund	22,771			
Notes		217,035		
Due from Other Funds				
Materials and Supplies Inventory	16,496	40,539		
Prepaid Items	9,095			
<b>Restricted Assets:</b>				
Equity in Pooled Cash and Cash Equivalents				
Cash and Cash Equivalents with Fiscal Agents				
Accrued Interest				
Unamortized Bond Issue Costs				
Investment in Joint Venture				
Fixed Assets (net, where applicable, of accumulated depreciation)				
<b>Other Debits:</b>				
Amount Available in Debt Service Fund for Retirement of General Obligation Bonds				
Amount to be Provided from General Governmental Resources				
Amount to be Provided from Special Assessments				
<b>Total Assets and Other Debits</b>	<b>\$1,291,783</b>	<b>\$555,833</b>	<b>\$83,070</b>	<b>\$25,886</b>



Proprietary Fund Types		Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Agency	General Fixed Assets	General Long-Term Obligations	
\$3,159,287	\$239,045	\$28,959			\$4,328,652
		22,255			22,255
	26,303				26,303
					351,336
					190,789
2,110,590					2,112,025
					134,340
					70,475
					900
					22,771
					217,035
15,064					15,064
1,201,021					1,258,056
14,962					24,057
1,131,733					1,131,733
948,589					948,589
107					107
310,927					310,927
9,737					9,737
20,584,321			6,077,235		26,661,556
				32,616	32,616
				1,947,476	1,947,476
				5,800	5,800
<u>\$29,486,338</u>	<u>\$265,348</u>	<u>\$51,214</u>	<u>\$6,077,235</u>	<u>\$1,985,892</u>	<u>\$39,822,599</u>

(Continued)

**CITY OF CELINA  
MERCER COUNTY**

**COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS  
AS OF DECEMBER 31, 2000  
(Continued)**

<b>Liabilities, Fund Equity, and Other Credits</b>	<b>Governmental Fund Types</b>			
	<b>General</b>	<b>Special Revenue</b>	<b>Debt Service</b>	<b>Capital Projects</b>
<b>Liabilities:</b>				
Accounts Payable	\$41,879	\$28,913		
Contracts Payable				154,759
Accrued Wages	86,542	14,556		
Compensated Absences Payable				
Intergovernmental Payable	60,705	58		
Interfund Payable		2,377	191	20,203
Due to Other Funds		218		
Deferred Revenue	286,550	81,078	50,454	12,216
Deposits Held and Due to Others				
Payroll Withholdings				
Claims Payable				
Payable from Restricted Assets:				
Revenue Bonds Payable				
Refundable Deposits				
Accrued Interest Payable				
Notes Payable				
Rural Development Bonds Payable				
General Obligation Bonds Payable				
Revenue Bonds Payable (Net of accounting loss of \$428,479 and discount of \$5,203)				
Special Assessment Debt with Governmental Commitment				
<b>Total Liabilities</b>	<u>475,676</u>	<u>127,200</u>	<u>50,645</u>	<u>187,178</u>
<b>Fund Equity and Other Credits:</b>				
Investment in General Fixed Assets				
Retained Earnings:				
Reserved:				
Reserved for Plant Improvement and Replacement				
Reserved for Operations				
Unreserved				
Contributed Capital				
Fund Balance:				
Reserved for Notes Receivable		217,035		
Reserved for Inventory	16,496	40,539		
Reserved for Encumbrances	77,900	30,329		187,436
Unreserved - Undesignated (Deficit)	721,711	140,730	32,425	(348,728)
<b>Total Fund Equity (Deficit)</b>	<u>816,107</u>	<u>428,633</u>	<u>32,425</u>	<u>(161,292)</u>
<b>Total Liabilities, Fund Equity, and Other Credits</b>	<u>\$1,291,783</u>	<u>\$555,833</u>	<u>\$83,070</u>	<u>\$25,886</u>

*See Accompanying Notes to the General Purpose Financial Statements*

Proprietary Fund Types		Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Agency	General Fixed Assets	General Long-Term Obligations	
\$85,061	\$14,822				\$170,675
640,133					794,892
57,064					158,162
104,766				233,131	337,897
67,923		1,103		105,961	235,750
					22,771
14,846					15,064
					430,298
		22,255			22,255
		27,856			27,856
	62,076				62,076
360,000					360,000
115,281					115,281
52,355					52,355
				840,000	840,000
				631,000	631,000
				170,000	170,000
7,581,318					7,581,318
				5,800	5,800
9,078,747	76,898	51,214		1,985,892	12,033,450
			6,077,235		6,077,235
898,296					898,296
113,715					113,715
17,271,120	188,450				17,459,570
2,124,460					2,124,460
					217,035
					57,035
					295,665
					546,138
20,407,591	188,450		6,077,235		27,789,149
\$29,486,338	\$265,348	\$51,214	\$6,077,235	\$1,985,892	\$39,822,599

**CITY OF CELINA  
MERCER COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGED IN FUND BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<b>General</b>	<b>Special Revenue</b>	<b>Debt Service</b>	<b>Capital Projects</b>	<b>Totals (Memorandum Only)</b>
<b>Revenues:</b>					
Property Taxes	\$272,312	\$81,694			\$354,006
Municipal Income Taxes	2,001,524				2,001,524
Other Local Taxes		26,977			26,977
Intergovernmental	863,687	386,689		60,545	1,310,921
Charges for Services	216,957	115,119			332,076
Fees, Licenses, and Permits	6,517				6,517
Fines and Forfeitures	311,744	24,298			336,042
Special Assessments			8,790	18,541	27,331
Interest	238,913	18,126			257,039
Gifts and Donations		75,000	102,695		177,695
Other	53,788	8,188			61,976
<b>Total Revenues</b>	<b>3,965,442</b>	<b>736,091</b>	<b>111,485</b>	<b>79,086</b>	<b>4,892,104</b>
<b>Expenditures:</b>					
Current:					
Security of Persons and Property	1,633,931	325,793			1,959,724
Public Health	31,029				31,029
Leisure Time Activities		434,900			434,900
Community Environment	50,706	330			51,036
Basic Utility Services	162,718				162,718
Transportation		468,654			468,654
General Government	937,644	13,756			951,400
Other	750,700				750,700
Capital Outlay				875,637	875,637
Debt Service:					
Principal Retirement			966,660		966,660
Interest and Fiscal Charges			49,988		49,988
<b>Total Expenditures</b>	<b>3,566,728</b>	<b>1,243,433</b>	<b>1,016,648</b>	<b>875,637</b>	<b>6,702,446</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>398,714</b>	<b>(507,342)</b>	<b>(905,163)</b>	<b>(796,551)</b>	<b>(1,810,342)</b>
<b>Other Financing Sources (Uses):</b>					
Proceeds of Bonds				632,800	632,800
Proceeds of Notes			840,000		840,000
Operating Transfers - In		504,217	65,016	11,000	580,233
Operating Transfers - Out	(579,730)		(503)		(580,233)
<b>Total Other Financing Sources (Uses)</b>	<b>(579,730)</b>	<b>504,217</b>	<b>904,513</b>	<b>643,800</b>	<b>1,472,800</b>
Revenues and Other Financing Sources Under Expenditures and Other Financing Uses	(181,016)	(3,125)	(650)	(152,751)	(337,542)
Fund Balances (Deficit) at Beginning of Year	994,350	427,951	33,075	(8,541)	1,446,835
Increase in Reserve for Inventory	2,773	3,807			6,580
<b>Fund Balances (Deficit) at End of Year</b>	<b>\$816,107</b>	<b>\$428,633</b>	<b>\$32,425</b>	<b>(\$161,292)</b>	<b>\$1,115,873</b>

*See Accompanying Notes to the General Purpose Financial Statements*

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**CITY OF CELINA  
MERCER COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL (BUDGET BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	General			Special Revenue		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>						
Property Taxes	\$264,762	\$272,312	\$7,550	\$79,484	\$81,694	\$2,210
Municipal Income Taxes	2,000,000	2,015,184	15,184			
Other Local Taxes				26,000	27,113	1,113
Intergovernmental	801,262	854,197	52,935	442,763	385,348	(57,415)
Charges for Services	227,100	218,345	(8,755)	118,100	115,119	(2,981)
Fees, Licenses, and Permits	3,000	6,621	3,621			
Fines and Forfeitures	310,000	313,513	3,513	22,500	24,709	2,209
Special Assessments						
Interest	190,000	238,817	48,817	6,453	10,087	3,634
Gifts and Donations				75,000	75,000	
Other	55,200	55,009	(191)	31,747	31,330	(417)
<b>Total Revenues</b>	<b>3,851,324</b>	<b>3,973,998</b>	<b>122,674</b>	<b>802,047</b>	<b>750,400</b>	<b>(51,647)</b>
<b>Expenditures:</b>						
Current:						
Security of Persons and Property	1,763,832	1,652,336	111,496	447,450	325,615	121,835
Public Health	49,000	31,029	17,971			
Leisure Time Activities				438,400	434,009	4,391
Community Environment	52,000	50,248	1,752	131,000	100,330	30,670
Basic Utility Services	179,000	159,377	19,623			
Transportation				514,888	467,585	47,303
General Government	1,087,565	924,630	162,935	30,000	19,318	10,682
Other	768,565	742,003	26,562			
Capital Outlay						
Debt Service:						
Principal Retirement						
Interest and Fiscal Charges						
<b>Total Expenditures</b>	<b>3,899,962</b>	<b>3,559,623</b>	<b>340,339</b>	<b>1,561,738</b>	<b>1,346,857</b>	<b>214,881</b>
Excess of Revenues Over (Under) Expenditures	(48,638)	414,375	463,013	(759,691)	(596,457)	163,234
<b>Other Financing Sources (Uses):</b>						
Proceeds of Bonds						
Proceeds of Notes						
Operating Transfers - In				587,000	504,217	(82,783)
Operating Transfers - Out	(675,100)	(579,730)	95,370			
<b>Total Other Financing Sources (Uses)</b>	<b>(675,100)</b>	<b>(579,730)</b>	<b>95,370</b>	<b>587,000</b>	<b>504,217</b>	<b>(82,783)</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(723,738)	(165,355)	558,383	(172,691)	(92,240)	80,451
Fund Balances (Deficit) at Beginning of Year	735,309	735,309		230,684	230,684	
Prior Year Encumbrances Appropriated	2,582	2,582		505	505	
<b>Fund Balances (Deficit) at End of Year</b>	<b>\$14,153</b>	<b>\$572,536</b>	<b>\$558,383</b>	<b>\$58,498</b>	<b>\$138,949</b>	<b>\$80,451</b>

See Accompanying Notes to the General Purpose Financial Statements

Debt Service			Capital Projects		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
			73,000	60,545	(12,455)
9,002	8,790	(212)	28,250	10,988	(17,262)
156,000	102,695	(53,305)			
<u>165,002</u>	<u>111,485</u>	<u>(53,517)</u>	<u>101,250</u>	<u>71,533</u>	<u>(29,717)</u>
			1,079,405	1,053,529	25,876
966,660	966,660				
50,639	49,988	651			
<u>1,017,299</u>	<u>1,016,648</u>	<u>651</u>	<u>1,079,405</u>	<u>1,053,529</u>	<u>25,876</u>
<u>(852,297)</u>	<u>(905,163)</u>	<u>(52,866)</u>	<u>(978,155)</u>	<u>(981,996)</u>	<u>(3,841)</u>
			636,000	632,800	(3,200)
830,000	840,000	10,000	360,000		(360,000)
22,500	65,016	42,516	11,000	11,000	
(503)	(503)				
<u>851,997</u>	<u>904,513</u>	<u>52,516</u>	<u>1,007,000</u>	<u>643,800</u>	<u>(363,200)</u>
(300)	(650)	(350)	28,845	(338,196)	(367,041)
33,075	33,075		(28,151)	(28,151)	
			9,814	9,814	
<u>\$32,775</u>	<u>\$32,425</u>	<u>(\$350)</u>	<u>\$10,508</u>	<u>(\$356,533)</u>	<u>(\$367,041)</u>

**CITY OF CELINA  
MERCER COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND EQUITY  
ALL PROPRIETARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Enterprise</u>	<u>Internal Service</u>	<u>Totals (Memorandum Only)</u>
<b>Operating Revenues:</b>			
Charges for Services	\$11,553,132	\$632,801	\$12,185,933
Other Operating Revenues	98,386		98,386
Total Operating Revenues	<u>11,651,518</u>	<u>632,801</u>	<u>12,284,319</u>
<b>Operating Expenses:</b>			
Personal Services	1,671,404		1,671,404
Contractual Services		156,438	156,438
Materials and Supplies	8,296,437		8,296,437
Bad Debt	32,191		32,191
Claims		419,832	419,832
Other Operating Expenses		356	356
Depreciation	1,122,634		1,122,634
Total Operating Expenses	<u>11,122,666</u>	<u>576,626</u>	<u>11,699,292</u>
Operating Income	<u>528,852</u>	<u>56,175</u>	<u>585,027</u>
<b>Non-Operating Revenues (Expenses):</b>			
Change in Joint Venture	(208)		(208)
Loss on Disposal of Fixed Assets	(133,551)		(133,551)
Interest Income	164,431		164,431
Interest Expense	(449,383)		(449,383)
Total Non-Operating Revenues (Expenses)	<u>(418,711)</u>		<u>(418,711)</u>
Net Income	110,141	56,175	166,316
Retained Earnings at Beginning of Year	18,177,332	132,275	18,309,607
Residual Equity Transfer Out	(4,342)		(4,342)
Retained Earnings at End of Year	<u>18,283,131</u>	<u>188,450</u>	<u>18,471,581</u>
Contributed Capital at Beginning of Year	1,736,981		1,736,981
Contributed from Developers	368,839		368,839
Contributed from Grants	18,640		18,640
Contributed Capital at End of Year	<u>2,124,460</u>		<u>2,124,460</u>
Total Fund Equity at End of Year	<u>\$20,407,591</u>	<u>\$188,450</u>	<u>\$20,596,041</u>

*See Accompanying Notes to the General Purpose Financial Statements*



**CITY OF CELINA  
MERCER COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL (BUDGET BASIS)  
ALL PROPRIETARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	Enterprise			Internal Service		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>						
Charges for Services	\$11,339,100	\$11,350,471	\$11,371	\$680,000	\$632,801	(\$47,199)
Interest Income	108,500	159,691	51,191			
Other Revenues	12,800	109,894	97,094		5,771	5,771
Utility Deposits	36,000	32,700	(3,300)			
<b>Total Revenues</b>	<b>11,496,400</b>	<b>11,652,756</b>	<b>156,356</b>	<b>680,000</b>	<b>638,572</b>	<b>(41,428)</b>
<b>Expenses:</b>						
Personal Services	1,935,810	1,735,433	200,377			
Materials and Supplies	8,836,213	7,752,878	1,083,335			
Payments to Third Party Administrators				800,000	621,616	178,384
Capital Outlay	1,247,800	1,089,497	158,303			
Other Expenses	40,000	33,270	6,730		356	(356)
Debt Service:						
Principal Retirement	350,000	350,000				
Interest Expense	433,545	433,545				
<b>Total Expenses</b>	<b>12,843,368</b>	<b>11,394,623</b>	<b>1,448,745</b>	<b>800,000</b>	<b>621,972</b>	<b>178,028</b>
Excess of Revenues Over (Under) Expenses Before Transfers	(1,346,968)	258,133	1,605,101	(120,000)	16,600	136,600
Operating Transfers - Out	(101,404)		101,404			
Excess of Revenues Over (Under) Expenses and Transfers	(1,448,372)	258,133	1,706,505	(120,000)	16,600	136,600
Fund Balances at Beginning of Year	4,313,279	4,313,279		222,445	222,445	
Prior Year Encumbrances Appropriated	254,061	254,061				
<b>Fund Balances at End of Year</b>	<b>\$3,118,968</b>	<b>\$4,825,473</b>	<b>\$1,706,505</b>	<b>\$102,445</b>	<b>\$239,045</b>	<b>\$136,600</b>

See Accompanying Notes to the General Purpose Financial Statements

CITY OF CELINA  
MERCER COUNTY

**COMBINED STATEMENT OF CASH FLOWS  
ALL PROPRIETARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	Enterprise	Internal Service	Totals (Memorandum Only)
<b>Increases and (Decreases) in Cash and Cash Equivalents:</b>			
<b>Cash Flows from Operating Activities:</b>			
Cash Received from Customers	\$11,180,322		\$11,180,322
Cash Received from Quasi-External Operating Transactions with Other Funds	170,149	632,801	802,950
Cash Received from Stop Loss Reimbursement		5,771	5,771
Cash Payments for Personal Services	(1,407,860)		(1,407,860)
Cash Payments for Materials and Supplies	(8,508,206)	(145,144)	(8,653,350)
Cash Payments for Quasi-External Operating Transactions with Other Funds	(470,027)		(470,027)
Cash Payments for Claims		(450,525)	(450,525)
Cash Received from Other Revenues	109,894		109,894
Cash Received from Utility Deposits	32,700		32,700
Cash Payments for Deposits Refunded/Applied	(33,270)		(33,270)
Net Cash Provided by Operating Activities	<u>1,073,702</u>	<u>42,903</u>	<u>1,116,605</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Acquisition and Construction of Capital Assets	(669,529)		(669,529)
Capitalization of Payments for Personal Services	(89,801)		(89,801)
Principal Paid on Revenue Bonds	(350,000)		(350,000)
Interest Paid on Revenue Bonds	(433,545)		(433,545)
Net Cash Used for Capital and Related Financing Activities	<u>(1,542,875)</u>		<u>(1,542,875)</u>
<b>Cash Flows from Investing Activities:</b>			
Change in Fair Value	4,441		4,441
Interest Income	159,883		159,883
Net Cash Provided by Investing Activities	<u>164,324</u>		<u>164,324</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(304,849)	42,903	(261,946)
Cash and Cash Equivalents at Beginning of Year	5,544,458	222,445	5,766,903
Cash and Cash Equivalents at End of Year	<u>\$5,239,609</u>	<u>\$265,348</u>	<u>\$5,504,957</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>			
Operating Income	528,852	56,175	585,027
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation	1,122,634		1,122,634
Provision for Uncollectable Accounts Receivable	32,191		32,191
<b>Changes in Assets and Liabilities:</b>			
(Increase) Decrease in Accounts Receivable	(188,026)		(188,026)
Increase in Due from Other Funds	(3,127)		(3,127)
Decrease in Materials and Supplies Inventory	3,054		3,054
Decrease in Prepaid Items	506		506
Increase in Accounts Payable	40,935	11,650	52,585
Decrease in Contracts Payable	(496,765)		(496,765)
Increase in Accrued Wages	3,501		3,501
Increase in Compensated Absences Payable	13,771		13,771
Increase in Intergovernmental Payable	13,702		13,702
Increase in Due to Other Funds	3,044		3,044
Decrease in Deposits Held and Due to Others	(570)		(570)
Decrease in Claims Payable		(24,922)	(24,922)
Net Cash Provided by Operating Activities	<u>\$1,073,702</u>	<u>\$42,903</u>	<u>\$1,116,605</u>
<b>Noncash Capital Financing Activities:</b>			
Service Lines Donated by Developers and Capitalized at Fair Market Value	\$368,839	\$0	\$368,839
Assets Constructed with Federal Grants Received in CDBG Capital Projects Fund	18,640		18,640
Total Noncash Capital Financing Activities	<u>\$387,479</u>	<u>\$0</u>	<u>\$387,479</u>

See Accompanying Notes to the General Purpose Financial Statements

**CITY OF CELINA  
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000**

**1. REPORTING ENTITY**

The City of Celina (the City) is a statutory municipal corporation operating under the laws of the State of Ohio. The City operates under a mayor-council form of government.

A reporting entity is composed of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the City consists of all funds, departments, boards, and agencies that are not legally separate from the City.

The primary government of the City is divided into various departments and financial management and control systems. Services provided include police protection, fire protection, parks and recreation, street maintenance and repair, and electric, water, and sewer services as well as a staff to provide support (i.e., payroll processing, accounts payable, and revenue collection) to the service providers. The operation and control of these activities is provided by the City Council through the budgetary process and by the Mayor through administrative and managerial requirements and procedures.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to influence significantly the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units may also include organizations for which the City approves the budget, the issuance of debt, or the levying of taxes. There were no component units of the City in 2000.

The City of Celina is associated with the Grand Lake/Mercer County Development Corporation, a joint venture; the Mercer County Community Improvement Corporation, the Grand Lake/Mercer County Research Corporation, and the Mercer County Planning Commission, jointly governed organizations; and the Ohio Municipal League City Equity Pooling Workers' Compensation Group Rating Program, an insurance purchasing pool. These organizations are presented in the notes to the general purpose financial statements (see Notes 18, 19, and 20).

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies followed in the preparation of these financial statements are summarized below. These policies conform to generally accepted accounting principles (GAAP) for local governmental units as prescribed in the statements issued by the Governmental Accounting Standards Board (GASB) and other recognized authoritative sources. The City also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its proprietary fund types provided they do not conflict with or contradict GASB pronouncements.

**A. Fund Accounting**

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

**CITY OF CELINA  
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000  
(Continued)**

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

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

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

**1. Governmental Fund Types:**

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

**General Fund**

The general fund is the general operating fund of the City. It 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 City for any purpose provided it is expended or transferred according to the general laws of Ohio.

**Special Revenue Funds**

The special revenue funds are used to account for the proceeds of specific revenue sources (other than amounts relating to major capital projects) whose use is restricted. The uses and limitations of each special revenue fund are specified by City ordinances or Federal and State statutes.

**Debt Service Funds**

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

**Capital Projects Funds**

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

**CITY OF CELINA  
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000  
(Continued)**

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

**2. Proprietary Fund Types:**

Proprietary funds are used to account for the City's ongoing activities which are similar to those found in the private sector. The measurement focus is upon determination of net income, financial position, and cash flows. The following are the City's proprietary fund types:

**Enterprise Funds**

The enterprise funds are used to account for the City's electric, water, and sewer operations. These funds 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 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 Fund**

The internal service fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis.

**3. Fiduciary Fund Type:**

Fiduciary funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. The City's fiduciary funds are agency funds which are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

**4. Account Groups:**

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

**General Fixed Assets Account Group**

The general fixed assets account group is used to account for all fixed assets of the City, except those accounted for in the proprietary funds. These assets do not represent financial resources available for expenditure.

**General Long-Term Obligations Account Group**

The general long-term obligations account group is used to account for all unmatured long-term obligations of the City, except those accounted for in the proprietary funds.

**CITY OF CELINA  
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000  
(Continued)**

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

**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 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. Operating statements of these funds present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

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

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

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: income taxes withheld by employers, intergovernmental revenues (including motor vehicle license fees, gasoline tax, and local government assistance), charges for current services, fines and forfeitures, special assessments, and earnings on investments. Other revenues, including income taxes other than those withheld by employers, fees, licenses, and permits, and other revenues are recorded as revenue when received in cash because they are generally not measurable until actually received.

The City 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 subsequent periods, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of December 31, 2000, and delinquent property taxes, whose availability is indeterminable and which are not intended to finance 2000 operations, have been recorded as deferred revenue. Special assessments that have been filed with the Mercer County Auditor are also recorded as deferred revenue because they do not meet the availability criteria.

**CITY OF CELINA  
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000  
(Continued)**

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

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Principal and interest on general and special assessment long-term obligations are recorded as fund liabilities when due or when amounts have been accumulated in the debt service funds for payments to be made early in the following year. The costs of accumulated unpaid vacation and sick leave are reported as fund liabilities in the period in which they will be liquidated with current available expendable resources rather than in the period earned by employees. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

The proprietary funds are reported using the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they are incurred. Unbilled service charges receivable are recognized as revenue at year end.

**C. Budgetary 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 appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations ordinance 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, legally are required to be budgeted and appropriated.

**1. Tax Budget**

A budget of estimated revenues and expenditures for all funds is submitted to the County Auditor, as secretary of the County Budget Commission, by July 20th of each year, for the period January 1 to December 31 of the following year. The budget includes proposed expenditures and the means of financing for all funds. The express purpose of this budget document is to reflect the need for existing or increased tax rates.

**2. Estimated Resources**

The County Budget Commission reviews estimated revenues and determines if the budget substantiates a need to levy all or part of previously authorized taxes. The County Budget Commission certifies its actions to the City by September 1. As part of this certification, the City receives the official certificate of estimated resources, which states the estimated beginning of year fund balance and projected revenue of each fund. Prior to December 31, the City must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include the actual unencumbered fund balances from the preceding year. The certificate of estimated resources may be further amended during the year if the City Auditor determines that revenue to be collected will be greater than or less than prior estimates and the County Budget Commission finds the revised estimates to be reasonable. The amounts set forth in the financial statements represent estimates from the final amended certificate of estimated resources issued during 2000.

**CITY OF CELINA  
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000  
(Continued)**

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

**3. Appropriations**

A temporary appropriations ordinance to control the level of expenditures for all funds may be passed on or about January 1 of each year, for the period January 1 to March 31. An annual appropriations ordinance must be passed by April 1 of each year, for the period January 1 to December 31. Appropriations may not exceed estimated resources as established in the amended certificate of estimated resources. The allocation of appropriations among departments and objects within a fund may be modified during the year with City Council action. Several supplemental appropriations ordinances were legally enacted by the City Council during the year. The budget figures which appear in the statements of budgetary comparisons represent the appropriated budgeted amounts and all supplemental appropriations.

**4. Budgeted Level of Expenditures**

Administrative control is maintained through the establishment of detailed line-item budgets. Expenditures plus encumbrances may not legally exceed appropriations at the level of appropriation adopted by the City Council. For all funds, council appropriations are made to personal services, materials and supplies, other services and charges, capital outlay, debt retirement, and transfer accounts for each department. The appropriations set by the City Council must remain fixed unless amended by City Council ordinance. More detailed appropriation allocations may be made by the City Auditor as long as the allocations are within the City Council's appropriated amount.

**5. Encumbrances**

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

**6. Lapsing of Appropriations**

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

**D. Cash and Investments**

To improve cash management, cash received by the City, except cash held by a trustee or fiscal agents, is pooled and invested. Individual fund integrity is maintained through City records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the combined balance sheet.

Cash and cash equivalents that are held separately within the departments of the City and not held with the City Treasurer are recorded on the combined balance sheet as "Cash and Cash Equivalents in Segregated Accounts".



**CITY OF CELINA  
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000  
(Continued)**

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

The City has certain funds which are held by its third-party administrator or by financial institutions as trustees to service its revenue bonded debt as principal and interest payments come due. These amounts are presented on the combined balance sheet as "Cash and Cash Equivalents with Fiscal Agents".

Investments are reported at fair value, except for non-negotiable certificates of deposit and repurchase agreements, which are reported at cost. Fair value is based on quote market prices. STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940.

Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2000.

The City allocates interest earnings according to the Ohio Constitution and State statutes. Interest revenue credited to the general fund during 2000 was \$238,913, which includes \$178,286 assigned from other City funds.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with a maturity of three months or less at the time they are purchased by the City are considered to be cash and cash equivalents.

**E. Notes Receivable**

Notes receivable represent the right to receive repayment for certain loans made by the City. These loans are based upon written agreements between the City and the various loan recipients. Reported notes receivable is equally offset by a fund balance reserve in the governmental fund types which indicates that it does not constitute available expendable resources even though it is a component of net current assets.

**F. Materials and Supplies Inventory**

Inventory in the governmental fund types is stated at cost while inventory in the proprietary fund types is stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. The costs of inventory items are recorded as expenditures in the governmental fund types when purchased and as expenses in the proprietary fund types when used. Reported materials and supplies inventory is equally offset by a fund balance reserve in the governmental fund types which indicates that it does not constitute available expendable resources even though it is a component of net current assets.

**G. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond December 31, 2000, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

**CITY OF CELINA  
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000  
(Continued)**

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

**H. Restricted Assets**

Restricted assets represent certain resources which are segregated from other resources of the City to comply with various covenants established by bond financing agreements. These assets are generally held in separate accounts of the City or by a trustee. The various covenants place restrictions on the use of these resources, require minimum balances to be maintained in certain accounts, and establish annual amounts to be accumulated for specific uses.

The City has utility deposits from customers that are classified as restricted assets because their use is limited to the payment of unpaid utility bills or refunding of the deposit to the customer.

**I. Unamortized Issue Costs/Bond Discount**

For governmental fund types, issuance costs and bond discounts are recognized in the current period. For proprietary fund types, issuance costs and bond discounts are deferred and amortized over the term of the bonds using the bonds-outstanding method, which approximates the effective interest method. Issuance costs are recorded as deferred charges. Bond discounts are presented as a reduction of the face amount of bonds payable.

**J. Fixed Assets**

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements which extend the useful life or increase the capacity or operating efficiency of the asset are capitalized at cost.

**1. General Fixed Assets**

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

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

**2. Proprietary Fund Fixed Assets**

Fixed assets reflected in the proprietary funds are stated at historical cost or estimated historical cost and are updated for the cost of additions and reductions during the year. The gain or loss on normal retirements or replacements of grouped assets in the electric enterprise fund is not recognized; the difference between the cost of the assets retired or replaced and the salvage is charged or credited to accumulated depreciation.

**CITY OF CELINA  
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000  
(Continued)**

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

Depreciation is calculated on a straight-line basis over the following estimated useful lives:

Description	Estimated Lives
Buildings	30 years
Electric, Water, and Sewer Lines	20 - 50 years
Furniture and Fixtures	10-20 years
Vehicles/Inland Marine	3-10 years

**3. Capitalization of Interest**

Interest is capitalized on enterprise fund assets acquired with tax-exempt debt. The City's policy is to capitalize net interest on construction projects until substantial completion of the project. The amount of capitalized interest equals the difference between the interest cost associated with the tax-exempt borrowing used to finance the project from the date of borrowing until completion of the project and the interest earned from the temporary investment of the debt proceeds over the same period. Capitalized interest is amortized on a straight-line basis over the estimated useful life of the asset. For 2000, there were no capitalized interest costs incurred on enterprise fund construction projects.

**K. Interfund Receivables/Payables**

Short-term interfund loans or the short-term portion of advances are classified as "Interfund Receivables/Payables". Receivables and payables arising between funds for goods provided or services rendered are classified as "Due from/to Other Funds" on the combined balance sheet.

**L. 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 City will compensate the employees for the benefits through paid time off or some other means. The City records a liability for accumulated unused vacation time when earned for all employees.

Sick leave benefits are accrued as a liability using the termination method. The liability is based on an estimate of the amount of accumulated sick leave that will probably be paid as termination benefits.

Compensated absences for governmental fund types are reported in the general long-term obligations account group. For the proprietary funds, the entire amount of compensated absences is reported as a fund liability.

**CITY OF CELINA  
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000  
(Continued)**

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

**M. 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 thirty-one days after year end are considered not to have used current available expendable resources. Notes and bonds are reported as liabilities of the general long-term obligations account group until due. Long-term debt and other obligations financed by the proprietary funds are reported as liabilities in the appropriate fund.

**N. Unamortized Loss on Advance Refunding**

For advance refundings resulting in the defeasance of debt reported in the proprietary funds, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This accounting loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as an addition to or reduction of the face amount of the new debt.

**O. Contributed Capital**

Contributed capital represents contributions made by the City, other governments, and donations by developers. These assets are recorded at their fair market value on the date contributed and are not subject to repayment.

Because the City had not prepared financial statements in accordance with generally accepted accounting principles prior to 1986, the exact amount of contributed capital cannot be determined. Consequently, only those amounts that have been specifically identified have been classified as contributed capital in the accompanying combined financial statements. All other fund equity amounts pertaining to the proprietary funds have been classified as retained earnings.

**P. Reserves of Fund Equity**

The City records reservations for portions of fund balance that are segregated for 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 balance reserves have been established for notes receivable, inventory, and encumbrances related to governmental fund types.

Reservations have been established in the enterprise funds to segregate the resources necessary to comply with various covenants of bond financing agreements.

**CITY OF CELINA  
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000  
(Continued)**

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

**Q. 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. Grants, entitlements, and shared revenues received for proprietary fund operating purposes are recognized as non-operating revenues in the accounting period in which they are earned and become measurable. Such resources restricted for the construction of capital assets are recorded as contributed capital.

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

All other interfund transfers are reported as operating transfers.

**S. Estimates**

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

**T. Memorandum Only - Total Columns on Combined Financial Statements**

Total columns on the combined 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.

**3. ACCOUNTABILITY AND COMPLIANCE**

**A. Accountability**

The deficits in the law enforcement block grant special revenue fund, special assessment debt service fund, and the fire truck and capital improvements capital projects funds, in the amounts of \$2,377, \$191, \$154,759, and \$12,398, respectively, were created by the application of generally accepted accounting principles. The general fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

**CITY OF CELINA  
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000  
(Continued)**

**3. ACCOUNTABILITY AND COMPLIANCE (Continued)**

**B. Compliance**

The following accounts had expenditures plus encumbrances in excess of appropriations for the year ended December 31, 2000.

<u>Fund Type/Fund/Function</u>	<u>Appropriations</u>	<u>Expenditures Plus Encumbrances</u>	<u>Excess</u>
Internal Service Fund			
Self Insurance			
Other Expenses	\$0	\$356	\$356

**4. BUDGETARY BASIS OF ACCOUNTING**

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

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

Adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis are as follows:

**CITY OF CELINA  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000  
(Continued)**

**4. BUDGETARY BASIS OF ACCOUNTING (Continued)**

Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses Governmental Fund Types			
	General	Special Revenue	Capital Projects
GAAP Basis	(\$181,016)	(\$3,125)	(\$152,751)
Adjustments for:			
Revenue Accruals	5,236	(912)	(7,553)
Unrecorded Cash:			
Prior Year	25,396	2,109	-
Current Year	(22,145)	(1,698)	-
Fair Value:			
Prior Year	(170)	-	-
Current Year	239	-	-
Expenditure Accruals	78,515	20,648	154,758
Prepaid Items	522	-	-
Revolving Loan Activity	-	(66,144)	-
Encumbrances Against			
Current Year Appropriations	(103,267)	(44,918)	(342,195)
Payments Made Against			
Prior Year Encumbrances	31,335	1,800	9,545
Budget Basis	(\$165,355)	(\$92,240)	(\$338,196)

**CITY OF CELINA  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000  
(Continued)**

**4. BUDGETARY BASIS OF ACCOUNTING (Continued)**

	Enterprise	Internal Service
Net Income/Excess of Revenues Over Expenses and Transfers All Proprietary Fund Types		
GAAP Basis	\$110,141	\$56,175
Adjustments for:		
Revenue Accruals	(159,069)	-
Unrecorded Cash:		
Prior Year	(192)	-
Change in Fair Value	(4,441)	-
Expense Accruals	(423,579)	(10,100)
Changes in Inventory	3,054	-
Changes in Prepaid Items	506	-
Fixed Asset Acquisitions	(669,529)	-
Capitalization of Personal Services	(89,801)	-
Depreciation Expense	1,122,634	-
Loss on Disposal of Fixed Assets	133,551	-
Utility Deposits, Net	(570)	-
Retirement of Debt	(350,000)	-
Amortization of Discount	226	-
Amortization of Accounting Loss	18,589	-
Amortization of Issuance Costs	(1,211)	-
Income of Joint Venture	208	-
Encumbrances Against Current Year Appropriations	(409,695)	-
Payments Made Against Prior Year Encumbrances	977,311	-
Other Adjustments:		
Excess of Revenues Over Expenses for		
Cash with Fiscal Agent	-	(29,475)
Budget Basis	\$258,133	\$16,600



**CITY OF CELINA  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
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(Continued)**

**5. DEPOSITS AND INVESTMENTS**

State statutes classify monies held by the City into three categories.

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

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

Interim deposits are deposits of interim 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 City'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 City Treasurer by the financial institution, or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
6. The State Treasurer's investment pool (STAR Ohio).

**CITY OF CELINA  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000  
(Continued)**

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

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

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

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

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

At year end, the City had \$30,494 in undeposited cash on hand which is included on the combined balance sheet of the City as part of "Equity in Pooled Cash and Cash Equivalents".

At year end, the City's internal service fund had a balance of \$26,303 with Employee Benefit Claims, Inc. This money is held by the claims servicer in a pooled account with that of other entities and, therefore, cannot be classified by risk under GASB Statement 3.

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

At year end, the carrying amount of the City's deposits was \$103,738 and the bank balance was \$787,386. Of the bank balance, \$189,145 was covered by the 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 City to a successful claim by the FDIC.

The City's investments are categorized to give an indication of the level of risk assumed by the City at year end. Category 1 includes investments that are insured or registered for which the securities are held by the City or the City's agent in the City'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 City'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 City's name. STAR Ohio and investments in mutual funds are unclassified investments since they are not evidenced by securities that exist in physical or book entry form.

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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000  
(Continued)**

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

	Risk Category		Carrying Value	Fair Value
	1	3		
Federal Home Loan Bonds	\$179,100	\$0	\$179,100	\$179,100
Manuscript Bonds	5,561	-	5,561	5,561
Repurchase Agreements	-	2,650,000	2,650,000	2,650,878
	<u>\$184,661</u>	<u>\$2,650,000</u>	2,834,661	2,835,539
STAR Ohio			2,513,747	2,513,747
Mutual Funds			948,589	948,589
Total			<u>\$6,296,997</u>	<u>\$6,297,875</u>

The classification of cash and cash equivalents and investments on the combined balance sheet is based on the 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	\$6,457,532	\$0
Cash on Hand	(30,494)	-
Cash Held by Third Party Administrator	(26,303)	-
Investments:		
Federal Home Loan Bonds	(179,100)	179,100
Manuscript Bonds	(5,561)	5,561
Repurchase Agreements	(2,650,000)	2,650,000
STAR Ohio	(2,513,747)	2,513,747
Mutual Funds	(948,589)	948,589
GASB Statement No. 3	<u>\$103,738</u>	<u>\$6,296,997</u>

**6. PROPERTY TAXES**

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Real property tax revenues received in 2000 represent the collection of 1999 taxes. For 2000, real property taxes were levied after October 1, 2000, on the assessed values as of January 1, 2000, the lien date. These taxes will be collected in and are intended to finance 2001 operations. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. All property is required to be revalued every six years. Real property taxes are payable annually or 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.

**CITY OF CELINA  
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000  
(Continued)**

**6. PROPERTY TAXES (Continued)**

Public utility real and tangible personal property taxes were levied after October 1, 2000, on the assessed values as of December 31, 2000, the lien date. These taxes will be collected in and are intended to finance 2001 operations. 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.

Tangible personal property tax revenues received in 2000 (other than public utility property) represent the collection of 2000 taxes. For 2000, tangible personal property taxes were levied after October 1, 1999, on the true 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. The first payment is due April 30, with the remainder payable by September 20.

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

Accrued property taxes receivable represents delinquent taxes outstanding and real property, public utility property, and tangible personal property taxes which were measurable as of December 31, 2000. Although total property tax collections for the next year are measurable, amounts to be received during the available period are not subject to reasonable estimation at December 31 and are not intended to finance 2000 operations.

The full tax rate for all City operations for the year ended December 31, 2000, was \$2.60 per \$1,000 of assessed value. The assessed values of real, public utility, and tangible personal property upon which 2000 property tax receipts were based are as follows:

Category	Assessed Value
Real Estate	
Residential/Agricultural	\$94,881,560
Commercial/Industrial	35,149,470
Public Utility Real	2,600
Public Utility Personal	3,033,490
Tangible Personal	18,852,084
Total	\$151,919,204

**7. MUNICIPAL INCOME TAXES**

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

**CITY OF CELINA  
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000  
(Continued)**

**8. RECEIVABLES**

Receivables at December 31, 2000, consisted of taxes; accounts (billings for user charged services, including unbilled utility services); intergovernmental receivables arising from grants, entitlements, and shared revenues; special assessments; accrued interest; interfund; notes receivable; and services charged to other funds. All receivables are considered fully collectible except for accounts receivable related to utility services.

A summary of accounts receivable related to utility services is as follows:

	Electric	Water	Sewer	Total Enterprise Funds
Accounts Receivable	\$1,951,838	\$256,366	\$289,139	\$2,497,343
Less Allowance for Uncollectibles	(305,242)	(48,723)	(32,788)	(386,753)
Net Accounts Receivable	<u>\$1,646,596</u>	<u>\$207,643</u>	<u>\$256,351</u>	<u>\$2,110,590</u>

Notes receivable represent low interest loans for development projects granted to eligible City businesses under the Federal Community Development Block Grant program. The loans have an annual interest rate of 5 to 7 percent and are to be repaid over periods ranging from five to twenty years.

A summary of the principal items of intergovernmental receivables follows:

	Amount
General Fund	
Estate Tax	\$65,169
Personal Property Exemption	3,649
ADAMH Transport of Patients	364
Local Government	28,924
Local Government Revenue Assistance	4,968
Retraining Grant	844
Serving of Warrants	3
Liquor Permits	1,180
Total General Fund	<u>105,101</u>
Special Revenue Funds	
Municipal Motor Vehicle License	
Permissive Motor Vehicle License Tax	1,687
Street Maintenance and Repair	
Gasoline Tax	18,543
Motor Vehicle License Tax	4,292
Total Street Maintenance and Repair	<u>22,835</u>

**CITY OF CELINA  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000  
(Continued)**

**8. RECEIVABLES (Continued)**

State Highway	
Gasoline Tax	1,504
Motor Vehicle License Tax	348
Total State Highway	1,852
Police Pension	
Personal Property Exemption	547
Fire Pension	
Personal Property Exemption	547
COPS Grant	
COPS Grant	1,771
Total Special Revenue Funds	29,239
Total Intergovernmental Receivables	\$134,340

**9. FIXED ASSETS**

**A. General Fixed Assets**

A summary of the changes in general fixed assets during 2000 is as follows:

	Balance 12/31/1999	Additions	Reductions	Balance 12/31/2000
Land	\$1,207,433	\$631,581	\$0	\$1,839,014
Land Improvements	248,543	11,002	-	259,545
Buildings	224,100	-	-	224,100
Improvements Other Than				
Buildings	1,662,138	25,308	-	1,687,446
Furniture and Fixtures	539,667	88,078	37,697	590,048
Vehicles/Inland Marine	1,455,437	32,250	10,605	1,477,082
Total	\$5,337,318	\$788,219	\$48,302	\$6,077,235

**CITY OF CELINA  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000  
(Continued)**

**9. FIXED ASSETS (Continued)**

**B. Enterprise Fund Fixed Assets**

A summary of the enterprise funds' fixed assets at December 31, 2000, follows:

	Electric	Water	Sewer	Total Enterprise Funds
Land	\$49,610	\$41,940	\$66,265	\$157,815
Buildings and Infrastructure	21,005,579	8,716,058	13,497,504	43,219,141
Furniture and Fixtures	223,696	176,638	146,082	546,416
Vehicles	612,279	63,937	33,509	709,725
Inland Marine	67,756	89,148	37,785	194,689
Total	21,958,920	9,087,721	13,781,145	44,827,786
Less Accumulated Depreciation	(12,878,287)	(6,188,297)	(5,176,881)	(24,243,465)
Total Fixed Assets, Net of Accumulated Depreciation	<u>\$9,080,633</u>	<u>\$2,899,424</u>	<u>\$8,604,264</u>	<u>\$20,584,321</u>

**10. CONTRACTUAL COMMITMENTS**

The City had the following outstanding contractual commitments as of December 31, 2000:

Vendor	Project	Contract Remaining
Finely Fire Equipment / Pierce Manufacturing	Rescue Pumper	\$342,195
Utility Truck Equipment Inc.	Hydraulic Bucket Truck	72,138
Planet Ford	2 Police Cruisers	41,092

**CITY OF CELINA  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000  
(Continued)**

**11. INTERFUND RECEIVABLES/PAYABLES**

Interfund balances at December 31, 2000, consisted of the following individual fund receivables and payables:

Fund Type/Fund	Receivable		Payable	
	Interfund	Due from	Interfund	Due to
General Fund	\$22,771	\$0	\$0	\$0
Special Revenue Funds				
Recreation	-	-	-	218
Law Enforcement Block Grant	-	-	2,377	-
Total Special Revenue Funds	0	0	2,377	218
Debt Service Fund				
Sidewalk/Curb Debt Service	-	-	191	-
Capital Projects Fund				
Sidewalk/Curb Projects	-	-	20,203	-
Enterprise Funds				
Electric	-	15,064	-	-
Water	-	-	-	5,639
Sewer	-	-	-	9,207
Total Enterprise Funds	0	15,064	0	14,846
Total	<u>\$22,771</u>	<u>\$15,064</u>	<u>\$22,771</u>	<u>\$15,064</u>

**12. DEFINED BENEFIT PENSION PLANS**

**A. Public Employees Retirement System**

The City contributes to the Public Employees Retirement System of Ohio (the "System"), a cost-sharing multiple employer defined benefit pension plan administered by the Public Employees Retirement Board. The System provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. The System issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642.



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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000  
(Continued)**

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

Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations and the City is required to contribute 10.84 percent; 6.54 percent was the portion used to fund pension obligations for 2000. The employer contribution rate for 2000 represents a temporary rate reduction from the 1999 contribution rate of 13.55 percent. Contributions are authorized by State statute. The contribution rates are determined actuarially. The City's contributions to the System for the years ended December 31, 2000, 1999, and 1998, were \$167,712, \$223,181, and \$221,330, respectively; 73 percent has been contributed for 2000 and 100 percent has been contributed for 1999 and 1998. The unpaid contribution for 2000, in the amount of \$45,509, is recorded as a liability within the respective funds and the general long-term obligations account group.

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

The City contributes to the Police and Firemen's Disability and Pension Fund of Ohio (the "Fund"), a cost-sharing multiple employer defined benefit pension plan administered by the Fund's Board of Trustees. The Fund provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by the Ohio State Legislature and by Chapter 742 of the Ohio Revised Code. The Fund issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the Police and Firemen's Disability and Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations and the City is required to contribute 19.5 percent for police (12.25 percent was the portion used to fund pension obligations); and 24 percent for firefighters (16.75 percent was the portion used to fund pension obligations). Contributions are authorized by State statute. The City's contributions to the Fund for the years ended December 31, 2000, 1999, and 1998, were \$190,819, \$184,721, and \$183,603, respectively; 72 percent has been contributed for 2000 and 100 percent has been contributed for 1999 and 1998. The unpaid contribution for 2000, in the amount of \$53,237, is recorded as a liability within the respective funds and the general long-term obligations account group.

**13. POSTEMPLOYMENT BENEFITS**

**A. Public Employees Retirement System**

The Public Employees Retirement System of Ohio (the "System") provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit. Health care coverage for disability and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPB) as described in GASB Statement No. 12, "Disclosure of Information on Postemployment Benefits Other Than Pension Benefits by State and Local Governmental Employers". A portion of each employer's contribution to the System is set aside for the funding of postretirement health care based on authority granted by State statute. The employer contribution rate was 10.84 percent of covered payroll; 4.3 percent was the portion used to fund health care for 2000. In 1999, the employer contribution rate was 13.55 percent of covered payroll; 4.2 percent was the portion used to fund health care.

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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
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(Continued)**

**13. POSTEMPLOYMENT BENEFITS (Continued)**

Benefits are advance funded using the entry age normal cost method (For 2000, the System returned to an actuarially prefunded disclosure because this provides a better presentation of the System's actual funding methodology. In prior years, the disclosure was based on a pay-as-you-go basis.). Significant actuarial assumptions include a rate of return on investments of 7.75 percent, an annual increase in active employee total payroll of 4.75 percent compounded annually, and an additional increase in total payroll of .54 percent to 5.1 percent based on additional pay increases. Health care premiums were assumed to increase 4.75 percent annually.

OPB are financed through employer contributions and investment earnings. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets.

At December 31, 1999, the total number of benefit recipients eligible for OPB through the System was 401,339. As of December 31, 1999, the actuarial value of net assets available for future OPB payments were \$10,085.5 million. The actuarially accrued liability and the unfunded actuarial liability were \$12,473.6 million and \$1,668.1 million, respectively. The City's actual contributions for 2000 which were used to fund OPB were \$107,705.

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

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

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB Statement No. 12. The Ohio Revised Code provides the authority allowing the Fund's Board of Trustees to provide health care coverage and states that health care costs paid from the Fund shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution rate was 19.5 percent of covered payroll and the firefighter employer contribution rate was 24 percent; 7.25 percent was the portion used to fund health care for 2000. The portion used to fund health care was 7 percent in 1999. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment.

The number of participants eligible to receive health care benefits as of December 31, 1999, was 12,467 for police and 9,807 for firefighters. The City's actual contributions for 2000 that were used to fund postemployment benefits were \$46,194 for police and \$48,810 for firefighters. The Fund's total health care expenses for the year ended December 31, 1999, (the latest information available), were \$95,004,633, which was net of member contributions of \$5,518,098.

**CITY OF CELINA  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
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(Continued)**

**14. OTHER EMPLOYEE BENEFITS**

**A. Compensated Absences**

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

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

The liability for governmental funds is reported in the general long-term obligations account group, in the amount of \$233,131. Unpaid compensated absences of \$47,729, \$35,653, and \$21,384 were reported as a liability in the electric, water, and sewer enterprise funds, respectively.

**B. Health Care Benefits**

Medical/surgical benefits, vision, and dental insurance are provided to most employees through the City's self-insurance program. The employees share the cost of the monthly premium with the City Council. The premium varies with employee depending on the terms of the union agreements or City Council policy.

The City provides life insurance and accidental death and dismemberment through Commercial Union Life Insurance Company.

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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
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(Continued)**

**15. LONG-TERM OBLIGATIONS**

The City's long-term obligations activity for the year ended December 31, 2000, was as follows:

	Balance 12/31/1999	Additions	Reductions	Balance 12/31/2000
<u>General Long-Term Obligations:</u>				
<u>General Obligation Notes</u>				
Swimming Pool 3.36%	\$500,000	\$440,000	(\$500,000)	\$440,000
Real Estate Acquisition 3.76%	450,000	400,000	(450,000)	400,000
Total General Obligation Notes	<u>950,000</u>	<u>840,000</u>	<u>(950,000)</u>	<u>840,000</u>
<u>Rural Development General Obligation Bonds</u>				
4.75% Issued 2000 Rural Development Bonds	0	580,000	0	580,000
4.75% Issued 2000 Rural Development Bonds	0	51,000	-	51,000
Total Rural Development General Obligation Bonds	<u>0</u>	<u>631,000</u>	<u>0</u>	<u>631,000</u>
<u>General Obligation Bonds</u>				
6% - 7.75% Issued 1988 Storm Sewer Bond	185,000	-	(15,000)	170,000
<u>Special Assessment Bonds</u>				
4.25% Issued 1999 1998 Sidewalk Curb	5,000	-	(1,000)	4,000
5.25% Issued 1994 Special Sidewalk Curb	660	-	(660)	0
5.25% Issued 2000 1999 Sidewalk Curb	0	1,800	-	1,800
Total Special Assessment Bonds	<u>5,660</u>	<u>1,800</u>	<u>(1,660)</u>	<u>5,800</u>

**CITY OF CELINA  
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000  
(Continued)**

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

	Balance 12/31/1999	Additions	Reductions	Balance 12/31/2000
<u>Other Long-Term Obligations</u>				
Compensated Absences Payable	219,277	13,854	-	233,131
Intergovernmental Payable	110,912	105,961	(110,912)	105,961
Total Other Long-Term Obligations	<u>330,189</u>	<u>119,815</u>	<u>(110,912)</u>	<u>339,092</u>
Total - General Long-Term Obligations	<u>1,470,849</u>	<u>1,592,615</u>	<u>(1,077,572)</u>	<u>1,985,892</u>
<u>Mortgage Revenue Bonds</u>				
3.25 - 4.95% 1999				
Wastewater System Mortgage Revenue Refunding	\$4,810,000	\$0	(\$200,000)	\$4,610,000
Accounting Loss	(447,068)	18,589	-	(428,479)
Discount	(5,429)	226	-	(5,203)
Total Wastewater System Mortgage Revenue Refunding	<u>4,357,503</u>	<u>18,815</u>	<u>(200,000)</u>	<u>4,176,318</u>
3.55% - 5.90% 1994				
Waterworks Mortgage Revenue	1,790,000	-	(80,000)	1,710,000
3.00% - 5.70% 1993				
Wastewater System Mortgage Revenue	2,125,000	-	(70,000)	2,055,000
Total Mortgage Revenue Bonds	<u>8,272,503</u>	<u>18,815</u>	<u>(350,000)</u>	<u>7,941,318</u>
Total - All Types	<u>\$9,743,352</u>	<u>\$1,611,430</u>	<u>(\$1,427,572)</u>	<u>\$9,927,210</u>

**A. General Obligation Notes**

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

**B. General Obligation Bonds**

The City issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities. The Rural Development Bonds, issued to purchase real estate for economic development in the City are intended to be paid with revenues generated from lot sales. The storm sewer general obligation bonds are paid with revenue generated by an agreement between the City and Shir-Wil Acres, Inc. All general obligation bonds are direct obligations of the City for which its full faith and credit are pledged for repayment. In the event Shir-Wil Acres, Inc. fails to make the payments to the City, the City will be required to pay the related debt.

**CITY OF CELINA  
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000  
(Continued)**

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

**C. Special Assessment Bonds**

Special assessment bonds are payable from the proceeds of assessments levied against the specific property owners who primarily benefitted from the project. The special assessment bonds are backed by the full faith and credit of the City. In the event that an assessed property owner fails to make payments or insufficient amounts are assessed to fund the debt, the City will be required to pay the related debt.

**D. Compensated Absences Payable**

Compensated absences are presented at net because it is not practical to determine the actual increases and decreases. The compensated absences liability will be paid from the fund from which the employees' salaries are paid.

**E. Intergovernmental Payable**

The intergovernmental payable, representing the City's contractually required pension contributions, will be paid from the fund from which the employees' salaries are paid.

**F. Mortgage Revenue Bonds**

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

Fund assets whose use are restricted under the bond indentures to renewal and replacement and debt service requirements are presented as restricted assets on the balance sheet. These assets are further segregated between those held by the City and those held by trustees. Restricted assets relating to each of the mortgage revenue bond issues consisted of the following at December 31, 2000:

	Restricted Assets			Totals
	Wastewater System Mortgage Revenue Refunding	Waterworks Mortgage Revenue	Wastewater System Mortgage Revenue	
<u>Restricted Assets held by the City for:</u>				
Mortgage Revenue Bond Replacement	\$746,441	\$156,296	\$0	\$902,737
Mortgage Revenue Bond Operations	33,783	79,932		113,715
<u>Restricted Assets held by the Trustee for:</u>				
Mortgage Revenue Bond Current Debt Service	73,691	18,053	18,326	110,070
Mortgage Revenue Bond Future Debt Service	450,517	189,992	198,010	838,519

**CITY OF CELINA  
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000  
(Continued)**

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

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

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

The Wastewater System Mortgage Revenue Refunding bonds defeased in-substance \$4,745,000 in wastewater system mortgage revenue bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included on the City's financial statements. On December 31, 2000, \$4,435,000 of the refunded bonds are outstanding and are considered defeased by assets of \$4,539,562 held in the irrevocable trust.

The City's overall legal debt margin was \$14,343,132 at December 31, 2000.

Principal and interest requirements to retire the general long-term debt obligations outstanding at December 31, 2000, were as follows:

Year	General Obligation Notes	Rural Development Bonds	General Obligation Bonds	Special Assessment Bonds	Total General Long-Term Obligations
2001	\$876,064	\$39,979	\$28,175	\$1,672	\$945,890
2002	-	39,979	27,013	1,563	68,555
2003	-	39,979	30,850	1,502	72,331
2004	-	39,979	29,300	1,440	70,719
2005	-	39,979	27,750	379	68,108
2006-2010	-	199,896	92,787	-	292,683
2011-2015	-	199,895	-	-	199,895
2016-2020	-	199,896	-	-	199,896
2021-2025	-	199,895	-	-	199,895
2025-2030	-	199,896	-	-	199,896
<b>Total</b>	<b>\$876,064</b>	<b>\$1,199,373</b>	<b>\$235,875</b>	<b>\$6,556</b>	<b>\$2,317,868</b>

**CITY OF CELINA  
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000  
(Continued)**

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

Year	Mortgage Revenue Bonds
2001	\$779,455
2002	784,108
2003	782,548
2004	779,953
2005	780,842
2006-2010	3,904,660
2011-2015	3,736,033
2016-2018	967,123
Total	\$12,514,722

**G. Conduit Debt**

During the year, all previously outstanding Industrial Development and Economic Development Revenue Bonds were fully retired.

**16. RISK MANAGEMENT**

**A. Property and Liability**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has entered into contracts with various insurance agencies for the following coverages and deductibles:

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



**CITY OF CELINA  
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000  
(Continued)**

**16. RISK MANAGEMENT (Continued)**

There has been no significant reduction in insurance coverage from 1999, and no insurance settlement has exceeded insurance coverage during the last three years.

**B. Employee Medical Benefits**

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

All funds of the City participate in the program and make payments to the medical self-insurance fund based on actuarial estimates of the amounts needed to pay prior- and current-year claims. The liability for unpaid claims costs reported in the fund at December 31, 2000, is based on the requirements of Governmental Accounting Standards Board Statement No. 30, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The liability was based on a review of all claims paid after the balance sheet date. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. The City had several occurrences in 2000 in which settled claims exceeded coverage provided by the fund on an individual basis, in the amount of \$5,771, which was received during the year. Changes in the fund's claims liability amount in 1999 and 2000 were:

	Beginning of Year Liability	Current Year Claims and Changes in Estimates	Stop-Loss Reimbursement	Claim Payments	Balance at Year End
1999	\$101,550	\$455,169	\$20,248	(\$489,969)	\$86,998
2000	86,998	419,832	5,771	(450,525)	62,076

**C. Workers' Compensation**

For 2000, the City participated in the Ohio Municipal League City Equity Pooling Workers' Compensation Group Rating Program (the Program), an insurance purchasing pool. The intent of the Program is to achieve the benefit of a reduced premium for the City by virtue of its grouping and representation with other participants in the Program. The workers' compensation experience of the participating cities is calculated as one experience and a common premium rate is applied to all cities in the Program. Each participant pays its workers' compensation premium to the State based on the rate for the Program rather than its individual rate.

**CITY OF CELINA  
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000  
(Continued)**

**16. RISK MANAGEMENT (Continued)**

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

**17. SEGMENT INFORMATION FOR ENTERPRISE FUNDS**

The City maintains three enterprise funds which are intended to be self-supported through user fees charged for services provided to consumers for electric, water, and sewer services. Financial segment information as of and for the year ended December 31, 2000, was as follows:

	Electric	Water	Sewer	Total Enterprise Funds
Operating Revenues	\$9,035,543	\$1,176,085	\$1,439,890	\$11,651,518
Depreciation Expense	582,663	203,697	336,274	1,122,634
Operating Income (Loss)	445,263	(298,209)	381,798	528,852
Net Income (Loss)	338,577	(346,923)	118,487	110,141
Fixed Asset Additions	627,419	297,426	221,964	1,146,809
Fixed Asset Reductions	247,201	43,024	3,874	294,099
Current Capital Contributions	0	180,118	207,361	387,479
Net Working Capital	4,647,151	662,754	325,992	5,635,897
Bonds and Other Long-Term Obligations (long-term portion only):				
Compensated Absences Payable	47,729	35,653	21,384	104,766
Revenue Bonds Payable (net of accounting loss and discount)	0	1,625,000	5,956,318	7,581,318
Total Assets	14,613,475	4,144,725	10,728,138	29,486,338
Total Equity	13,689,792	2,331,870	4,385,929	20,407,591
Encumbrances Outstanding at Year End (Budget Basis)	353,277	45,718	10,700	409,695

**CITY OF CELINA  
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000  
(Continued)**

**18. JOINT VENTURE**

**A. Grand Lake/Mercer County Development Corporation**

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

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

**19. JOINTLY GOVERNED ORGANIZATIONS**

**A. Mercer County Community Improvement Corporation**

The Mercer County Community Improvement Corporation (the Corporation) was designated as an agency of Mercer County for the industrial, commercial, distribution, and research development in Mercer County. The seventeen members of the Corporation consist of representatives from the county, the City, and villages within the county, along with additional appointments as established by the bylaws. The Corporation has not been in operation for the last few years; however, the Corporation is to receive land from the City of Celina for the benefit of a company. The Corporation adopts their own budget, authorizes expenditures, hires and fires staff, and currently relies on Mercer County to finance deficits. Financial information can be obtained from the Mercer County Auditor, Courthouse, Celina, Ohio 45822.

**B. Grand Lake/Mercer County Research Corporation**

The Grand Lake/Mercer County Research Corporation (the Corporation) was created to enhance the economic environment of Mercer County by attracting new business and industry, retaining existing business and industry, and thereby creating and retaining job opportunities. The twenty-one members of the Corporation consist of representatives based on the eight largest cumulative private contributors, two representatives from the City of Celina, two representatives from the County, one representative from the villages, any contributor of \$5,000 or more in one year, and four representatives from the community. The Corporation adopts their own budget, authorizes expenditures, hires and fires staff, and does not rely on the City to finance deficits. Financial information can be obtained from the Grand Lake/Mercer County Research Corporation, Wright State University, 7600 State Route 703, Celina, Ohio 45822.

**CITY OF CELINA  
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000  
(Continued)**

**19. JOINTLY GOVERNED ORGANIZATIONS**

**C. Mercer County Planning Commission**

The City participates in the Mercer County Planning Commission (the Commission) which is a statutorily created political subdivision of the State. The Commission is jointly governed among Mercer County, municipalities, and townships. The Commission makes studies, maps, plans, recommendations, and reports concerning the physical, environmental, social, economic, and governmental characteristics, functions, and services within the County. In 2000, the City did not pay any membership dues toward the operation of the Commission. Financial information can be obtained from the Mercer County Auditor, Courthouse, Celina, Ohio 45822.

**20. INSURANCE PURCHASING POOL**

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

**21. CONTINGENT LIABILITIES**

**A. Litigation**

The City is a party to several legal proceedings seeking damages or injunctive relief generally incidental to its operations and pending projects. The City management is of the opinion that the ultimate disposition of various claims and legal proceedings will not have a material effect, if any, on the financial condition of the City.

**B. Federal and State Grants**

For the period January 1, 2000, to December 31, 2000, the City received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designees. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowances, if any, would be immaterial.

**22. SUBSEQUENT EVENTS**

On March 29, 2001, the City issued bond anticipation notes, in the amount of \$345,000, for constructing a swimming pool. The notes have an interest rate of 3.86 percent and mature on March 28, 2002.

On April 1, 2001, the City issued special assessment bonds, in the amount of \$12,000, for paying the costs of constructing and repairing sidewalks and curbs. The bonds have an interest rate of 4.5 percent and have a final maturity on December 1, 2006.

On June 21, 2001, the City issued bond anticipation notes, in the amount of \$680,000, for acquiring land for a municipal park and making infrastructure improvements in the Industrial Park. The notes have an interest rate of 3.25 percent and mature on June 20, 2002.

**CITY OF CELINA  
MERCER COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2000**

<b>Federal Grantor/ Pass Through Grantor Program Title</b>	<b>Project Number</b>	<b>Federal CFDA Number</b>	<b>Receipts</b>	<b>Disbursements</b>
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>				
<i>Direct Program</i>				
Community Facilities Project		10.766	\$631,000	\$631,000
<b>Total U.S. Department of Agriculture</b>			631,000	631,000
<b><u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u></b>				
<i>Passed Through Ohio Department of Development</i>				
Ohio Small Cities Community Development Block Grant	A-F-99-103-1	14.228	48,000	48,000
<b>Total U.S. Department of Housing and Urban Development</b>			48,000	48,000
<b><u>U.S. DEPARTMENT OF JUSTICE</u></b>				
<i>Passed Through Ohio Department of Criminal Justice</i>				
COPS More Grant	97-CM-WX-0821	16.710	18,218	18,218
COPS Grant	96-CM-WX-0333	16.710	0	647
			18,218	18,865
Law Enforcement Block Grant	97-LE-LEB-3071	16.592	0	2,377
<b>Total U.S. Department of Justice</b>			18,218	21,242
<b>TOTAL FEDERAL FINANCIAL ASSISTANCE</b>			<b>\$697,218</b>	<b>\$700,242</b>

*The accompanying notes to this schedule are an integral part of this schedule.*

**CITY OF CELINA  
MERCER COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
DECEMBER 31, 2000**

**NOTE A- SIGNIFICANT ACCOUNTING POLICIES**

The accompanying schedule of federal awards expenditures is a summary of the activity of the City's federal award programs. The schedule has been prepared on the cash basis of accounting.

**NOTE B- LOAN/LOAN GUARANTEE**

The City received a \$580,000 and \$51,000 Community Facilities Loans during 2000. The liability for these loans are reflected in this report as Rural Development General Obligation Bonds outstanding in the amount of \$631,000 at December 31, 2000, in the General Long Term Debt Account Group.

**NOTE C-COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) REVOLVING LOAN PROGRAMS**

The City has established a revolving loan program to provide low-interest loans to businesses to create jobs for persons from low moderate income households and to eligible persons. The Federal Department of Housing and Urban Development (HUD) grants money for these loans to the City (passed through the Ohio Department of Development). The initial loan of this money is recorded as a disbursement on the accompanying Schedule of Federal Awards Expenditures (the Schedule). Loans repaid, including interest, are used to make additional loans. Such subsequent loans are subject to certain compliance requirements imposed by HUD, but are not included as disbursements on the Schedule.

These loans are collateralized by mortgages on the property. At December 31, 2000, the gross amount of loans outstanding under this program were \$694,881. Delinquent amounts due are \$477,845 and the City had an undistributed loan of \$19,046.

**NOTE D- FEDERAL MONIES EXCLUDED FROM SCHEDULE**

Resolution 02-99-R authorized the Mayor and Community Development Director to submit an application to the US Department of Commerce (EDA grant) for 1999 Title IX Funding of \$1,600,000 for the State Route 29 industrial corridor infrastructure and Resolution 11-99-R supporting the Overall Economic Development Plan (OEDP) for Mercer County (the reviewing agency for the EDA Grant requested a Resolution of Support for the OEDP from both participants ( the City of Celina and Mercer County). This grant is a joint project between the Mercer County Commissioners and the City of Celina. On May 18, 2000, the Board of Mercer County Commissioners and the City of Celina agreed that the Board of Mercer County Commissioners would act as the lead agent for the Northeast Sanitary Sewer and Water Main project. Therefore, this grant is not required to be reported on the City's schedule of federal assistance as understood in the grant awards "Special Award Conditions".



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

City of Celina  
Mercer County  
P.O. Box 513  
202 North Main Street  
Celina, Ohio 45822

To the City Council:

We have audited the financial statements of the City of Celina (the City), Mercer County, as of and for the year ended December 31, 2000, and have issued our report thereon dated July 30, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2000-20254-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the City in a separate letter dated July 30, 2001.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the City in a separate letter dated July 30, 2001.

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

**Jim Petro**  
Auditor of State

July 30, 2001





STATE OF OHIO  
OFFICE OF THE AUDITOR

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**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**

City of Celina  
Mercer County  
P.O. Box 513  
202 North Main Street  
Celina, Ohio 45822

To the City Council:

**Compliance**

We have audited the compliance of the City of Celina (the City), Mercer County, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2000. The City's major federal program is 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 program is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the City'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 City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2000.

**Internal Control Over Compliance**

The management of the City 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 City'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.

**Internal Control Over Compliance  
(Continued)**

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.

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

**Jim Petro**  
Auditor of State

July 30, 2001

**CITY OF CELINA  
MERCER COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505  
DECEMBER 31, 2000**

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

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unqualified
<b>(d)(1)(ii)</b>	<b>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any other reportable internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under §.510?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Community Facilities Loans and Grants CFDA # 10.766
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A\B Programs</b>	Type A: > \$300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	No

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

<b>Finding Number</b>	<b>2000-20254-001</b>
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**Finding Repaid Under Audit**

The City paid for goods received from Magnolia Graphics in duplicate with check #23636 on 6/23/00 for \$318.45 and check #23784 on 7/7/00 for \$318.45 resulting in overpayment of the vendor by \$318.45. Payment was authorized by Dave Schmidt, Director of Administrative Services.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a finding for recovery is hereby issued against Dave Schmidt, Director of Administrative Services and Magnolia Graphics \$318.45 in favor of the Electric Fund.

The finding was repaid by Magnolia Graphics with check #33256 issued to the City of Celina on 8/20/01.

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None.



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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800-282-0370  
Facsimile 614-466-4490

**CITY OF CELINA**

**MERCER COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
SEPTEMBER 11, 2001**