



Dave Yost • Auditor of State



**CELINA CITY SCHOOL DISTRICT  
MERCER COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Celina City School District, Mercer County, Ohio (the School District), as of and for the year ended June 30, 2012, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Celina City School District, Mercer County, Ohio, as of June 30, 2012, and the respective changes in cash financial position, thereof and the budgetary comparison for the General Fund thereof for the year then ended in conformity with the accounting basis Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 11, 2013, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

We conducted our audit to opine on the School District's financial statements taken as a whole. Management's Discussion & Analysis includes tables of net assets, changes in net assets, governmental activities. The Schedule of Federal Awards Receipts and Disbursements (the Schedule) is required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These tables and the Schedule provide additional information, but are not part of the basic financial statements. However these tables and the Schedule are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. These tables and the Schedule were subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion & Analysis, and we express no opinion or any other assurance on it.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

**Dave Yost**  
Auditor of State

January 11, 2013

**CELINA CITY SCHOOL DISTRICT  
MERCER COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
UNAUDITED**

The discussion and analysis of Celina City School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2012, within the limitations of cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

**Using the Basic Financial Statements**

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

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

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

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

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

**Reporting the School District as a Whole**

The statement of net assets and the statement of activities reflect how the School District did financially during fiscal year 2012, within the limitations of cash basis accounting. The statement of net assets presents the cash balance of the governmental activities of the School District at fiscal year-end. The statement of activities compares cash disbursements with program receipts for each function or program of the School District's governmental activities. A function is a group of related activities designed to accomplish a major service or regulatory program for which the School District is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants, contributions, and interest restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the School District's general receipts.

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

**CELINA CITY SCHOOL DISTRICT  
MERCER COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
UNAUDITED  
(Continued)**

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

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

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

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

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

**The School District as a Whole**

Table 1 provides a summary of the School District's net assets for fiscal year 2012 and fiscal year 2011:

<b>Table 1</b>			
<b>Governmental Activities</b>			
<b>Net Assets</b>			
	<b>2012</b>	<b>2011</b>	<b>Change</b>
Assets	<u>\$12,321,355</u>	<u>\$13,648,692</u>	<u>(\$1,327,337)</u>
<b>Net Assets:</b>			
Restricted	3,295,776	3,705,727	(409,951)
Unrestricted	9,025,579	9,942,965	(917,386)
Total Net Assets	\$12,321,355	\$13,648,692	(\$1,327,337)

Total net assets decreased \$1.3 million, or almost 10 percent. Unrestricted net assets decreased due to disbursements exceeding receipts, particularly in the General Fund.



**CELINA CITY SCHOOL DISTRICT  
MERCER COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
UNAUDITED  
(Continued)**

Table 2 reflects the change in net assets for fiscal year 2012 and fiscal year 2011.

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

	<b>2012</b>	<b>2011</b>	<b>Change</b>
<b>Receipts:</b>			
<b>Program Receipts:</b>			
Charges for Services	\$ 2,971,465	\$ 3,558,714	(\$ 587,249)
Operating Grants, Contributions, and Interest	5,210,049	5,253,341	(43,292)
Capital Grants and Contributions		5,725	(5,725)
<b>Total Program Receipts</b>	<b>8,181,514</b>	<b>8,817,780</b>	<b>(636,266)</b>
<b>General Receipts:</b>			
Property Taxes Levied for General Purposes	10,824,493	10,584,218	240,275
Property Taxes Levied for Debt Service	1,125,146	1,055,689	69,457
Income Taxes	2,221,865	2,087,864	134,001
Payment in Lieu of Taxes	232,832	231,857	975
Grants and Entitlements	10,746,598	11,934,561	(1,187,963)
Interest	81,152	154,490	(73,338)
Gifts and Donations	300		300
Miscellaneous	273,137	195,418	77,719
<b>Total General Receipts</b>	<b>25,505,523</b>	<b>26,244,097</b>	<b>(738,574)</b>
<b>Total Receipts</b>	<b>33,687,037</b>	<b>35,061,877</b>	<b>(1,374,840)</b>
<b>Disbursements:</b>			
<b>Instruction:</b>			
Regular	14,178,248	14,541,863	363,615
Special	4,196,089	4,361,704	165,615
Vocational	1,336,898	1,969,457	632,559
<b>Support Services:</b>			
Pupils	2,110,404	2,273,446	163,042
Instructional Staff	1,994,902	1,839,706	(155,196)
Board of Education	69,267	50,650	(18,617)
Administration	2,432,463	2,646,330	213,867
Fiscal	795,303	722,514	(72,789)
Business	140,578	161,027	20,449
Operation and Maintenance of Plant	2,587,574	2,710,812	123,238
Pupil Transportation	1,482,220	1,422,002	(60,218)
Central	44,653	48,849	4,196
Non-instructional Services	1,349,587	1,352,823	3,236
Extracurricular Activities	937,288	965,474	28,186
Intergovernmental		3,000	3,000
<b>Debt Service:</b>			
Principal Retirement	83,624	920,000	836,376
Interest and Fiscal Charges	1,275,276	402,700	(872,576)
<b>Total Disbursements</b>	<b>35,014,374</b>	<b>36,392,357</b>	<b>1,377,983</b>
<b>Decrease in Net Assets</b>	<b>(1,327,337)</b>	<b>(1,330,480)</b>	<b>3,143</b>
<b>Net Assets at Beginning of Year</b>	<b>13,648,692</b>	<b>14,979,172</b>	<b>(1,330,480)</b>
<b>Net Assets at End of Year</b>	<b>\$12,321,355</b>	<b>\$13,648,692</b>	<b>(\$1,327,337)</b>

Program receipts represent 24 percent of total receipts and are primarily represented by charges for services and restricted intergovernmental receipts. Charges for services decreased over 16 percent from changes involving the Tri-Star program which had extra start-up costs in fiscal year 2011.

**CELINA CITY SCHOOL DISTRICT  
MERCER COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
UNAUDITED  
(Continued)**

General receipts represent 76 percent of the School District's total receipts. The overall change in general receipts from the prior fiscal year was not significant; however, note the decrease in unrestricted grants and entitlements due to the expiration of fiscal stabilization resources and the continued effect of the elimination of the tangible personal property tax.

The major program disbursements for governmental activities are for instruction, which continued to account for 56 percent of all disbursements. Other programs which support the instruction process, including pupils, instructional staff, operation and maintenance of plant, and pupil transportation account for 23 percent of all disbursements. Overall, disbursements decreased by 4 percent from fiscal year 2011.

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

**Table 3  
Governmental Activities**

	<b>Total Cost of Services</b>		<b>Net Cost of Services</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
<b>Instruction:</b>				
Regular	\$14,178,248	\$14,541,863	\$12,768,713	\$13,248,827
Special	4,196,089	4,361,704	902,832	744,360
Vocational	1,336,898	1,969,457	(176,216)	(7,504)
<b>Support Services:</b>				
Pupils	2,110,404	2,273,446	2,110,171	2,265,582
Instructional Staff	1,994,902	1,839,706	1,994,902	1,839,706
Board of Education	69,267	50,650	69,267	50,650
Administration	2,432,463	2,646,330	2,432,463	2,646,330
Fiscal	795,303	722,514	715,282	534,976
Business	140,578	161,027	140,578	161,027
Operation and Maintenance of Plant	2,587,574	2,710,812	2,587,574	2,710,812
Pupil Transportation	1,482,220	1,422,002	1,446,772	1,387,445
Central	44,653	48,849	32,053	27,924
Non-instructional Services	1,349,587	1,352,823	98,775	96,059
Extracurricular Activities	937,288	965,474	350,794	542,683
Intergovernmental		3,000		3,000
<b>Debt Service:</b>				
Principal Retirement	83,624	920,000	83,624	920,000
Interest and Fiscal Charges	1,275,276	402,700	1,275,276	402,700
<b>Total Disbursements</b>	<b>\$35,014,374</b>	<b>\$36,392,357</b>	<b>\$26,832,860</b>	<b>\$27,574,577</b>

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

Non-instructional services received 93 percent of its resources through user charges from cafeteria sales, state and federal subsidies, and donated commodities for food services. The School District also receives a large amount of operating grants for the number of students receiving their education through the parochial school which is reported within non-instructional services.

**CELINA CITY SCHOOL DISTRICT  
MERCER COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
UNAUDITED  
(Continued)**

For fiscal year 2012, 63 percent of extracurricular activities expenses were covered by program receipts. Program receipts include music and athletic fees, ticket sales, and gate receipts and will fluctuate based on the number of games played at home and how well the athletic teams are playing.

In general, the net cost of services was comparable to fiscal year 2011.

**The School District's Funds**

The School District's governmental funds are accounted for using the cash basis of accounting. For the General Fund, receipts decreased slightly, less than 1 percent. Disbursements also had an insignificant change, an increase of 1 percent. However, the overall effect on fund balance was a decrease, in the amount of \$1,234,078, or 11 percent.

**Budgeting Highlights**

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

During fiscal year 2012, the School District amended its General Fund budget as needed. For receipts, there was an insignificant change from the original budget to the final budget, as well as from the final budget to actual receipts.

The School District appropriates at the object level within each fund. There was an insignificant change between the original budget and the final budget. Final disbursements decreased over \$3.3 million from final appropriations, with the most significant change in the regular instruction program, due to controlling actual expenditures because of anticipated cuts in State funding.

**Debt Administration**

At June 30, 2012, the School District's outstanding debt consisted of general obligation bonds for the construction and renovation of school facilities, in the amount of \$9,581,370. For further information regarding the School District's debt, refer to Note 12 to the basic financial statements.

**Current Issues**

For fiscal year 2012, the Board of Education reduced several teaching positions to start the year due to retirements and reassignments. This is an annual process which is also done with classified staff, although no classified staff positions were reduced. Mid-year, two teaching positions were restored.

The School District has entered into an agreement with the Ohio School Facilities Commission for the construction of a new elementary school. The School District is seeking voter approval of a \$27.7 million bond issue in November 2012.

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

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

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**CELINA CITY SCHOOL DISTRICT  
MERCER COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS  
JUNE 30, 2012**

	<u><b>Governmental Activities</b></u>
<b>Assets:</b>	
Equity in Pooled Cash and Cash Equivalents	<u><u>\$12,321,355</u></u>
<b>Net Assets:</b>	
<b>Restricted for:</b>	
Debt Service	683,266
Capital Projects	8,298
Other Purposes	1,023,864
Setasides	1,580,348
Unrestricted	<u>9,025,579</u>
Total Net Assets	<u><u>\$12,321,355</u></u>

*See accompanying notes to the basic financial statements.*

**CELINA CITY SCHOOL DISTRICT  
MERCER COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Program Cash Receipts</u>			<b>Net (Disbursement) Receipt and Change in Net Assets</b>
	<u>Disbursements</u>	<u>Charges for Services</u>	<u>Operating Grants, Contributions, and Interest</u>	<u>Governmental Activities</u>
<b>Governmental Activities:</b>				
<b>Instruction:</b>				
Regular	\$14,178,248	\$420,000	\$989,535	(\$12,768,713)
Special	4,196,089	73,238	3,220,019	(902,832)
Vocational	1,336,898	1,279,380	233,734	176,216
<b>Support Services:</b>				
Pupils	2,110,404		233	(2,110,171)
Instructional Staff	1,994,902			(1,994,902)
Board of Education	69,267			(69,267)
Administration	2,432,463			(2,432,463)
Fiscal	795,303	80,021		(715,282)
Business	140,578			(140,578)
Operation and Maintenance of Plant	2,587,574			(2,587,574)
Pupil Transportation	1,482,220	35,448		(1,446,772)
Central	44,653		12,600	(32,053)
Non-instructional Services	1,349,587	533,251	717,561	(98,775)
Extracurricular Activities	937,288	550,127	36,367	(350,794)
<b>Debt Service:</b>				
Principal Retirement	83,624			(83,624)
Interest and Fiscal Charges	1,275,276			(1,275,276)
<b>Total Governmental Activities</b>	<u>\$35,014,374</u>	<u>\$2,971,465</u>	<u>\$5,210,049</u>	<u>(26,832,860)</u>

**General Receipts:**

**Property Taxes Levied for:**

General Purposes	10,824,493
Debt Service	1,125,146
Income Taxes	2,221,865
Payment in Lieu of Taxes	232,832
Grants and Entitlements not Restricted to Specific Programs	10,746,598
Interest	81,152
Gifts and Donations	300
Miscellaneous	273,137
<b>Total General Receipts</b>	<u>25,505,523</u>

Change in Net Assets (1,327,337)

Net Assets at Beginning of Year 13,648,692

Net Assets at End of Year \$12,321,355

*See accompanying notes to the basic financial statements.*

**CELINA CITY SCHOOL DISTRICT  
MERCER COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES  
GOVERNMENTAL FUNDS  
JUNE 30, 2012**

	<u>General</u>	<u>Other Governmental</u>	<u>Total</u>
<b>Assets:</b>			
Equity in Pooled Cash and Cash Equivalents	\$8,392,202	\$2,346,463	\$10,738,665
<b>Restricted Assets:</b>			
Equity in Pooled Cash and Cash Equivalents	1,582,690		1,582,690
Total Assets	<u>9,974,892</u>	<u>2,346,463</u>	<u>12,321,355</u>
<b>Fund Balances:</b>			
Non-spendable	2,342		2,342
Restricted	1,580,348	1,713,086	3,293,434
Committed	751,537	633,377	1,384,914
Assigned	1,573,956		1,573,956
Unassigned	6,066,709		6,066,709
Total Fund Balances	<u>\$9,974,892</u>	<u>\$2,346,463</u>	<u>\$12,321,355</u>

*See accompanying notes to the basic financial statements.*

**CELINA CITY SCHOOL DISTRICT  
MERCER COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
AND CHANGES IN CASH BASIS FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>General</u>	<u>Other Governmental</u>	<u>Total</u>
<b>Receipts:</b>			
Property Taxes	\$10,824,493	\$1,125,146	\$11,949,639
Income Taxes	2,221,865		2,221,865
Payment in Lieu of Taxes		232,832	232,832
Intergovernmental	11,937,015	3,974,253	15,911,268
Interest	76,847	4,862	81,709
Tuition and Fees	1,095,459		1,095,459
Charges for Services	191,339	1,372,840	1,564,179
Extracurricular Activities	181,228	368,779	550,007
Gifts and Donations	26,304	18,818	45,122
Miscellaneous	264,376	8,761	273,137
Total Receipts	<u>26,818,926</u>	<u>7,106,291</u>	<u>33,925,217</u>
<b>Disbursements:</b>			
<b>Current:</b>			
<b>Instruction:</b>			
Regular	13,965,809	212,439	14,178,248
Special	2,785,359	1,410,730	4,196,089
Vocational	1,042,454	532,074	1,574,528
<b>Support Services:</b>			
Pupils	1,735,233	375,171	2,110,404
Instructional Staff	1,600,386	394,516	1,994,902
Board of Education	69,267		69,267
Administration	1,994,679	438,334	2,433,013
Fiscal	757,699	37,604	795,303
Business	140,578		140,578
Operation and Maintenance of Plant	2,543,730	43,844	2,587,574
Pupil Transportation	1,196,388	285,832	1,482,220
Central	32,893	11,760	44,653
Non-instructional Services		1,349,587	1,349,587
Extracurricular Activities	618,825	318,463	937,288
<b>Debt Service:</b>			
Principal Retirement		83,624	83,624
Interest and Fiscal Charges		1,275,276	1,275,276
Total Disbursements	<u>28,483,300</u>	<u>6,769,254</u>	<u>35,252,554</u>
Excess of Receipts Over (Under) Disbursements	<u>(1,664,374)</u>	<u>337,037</u>	<u>(1,327,337)</u>
<b>Other Financing Sources (Uses):</b>			
Advances In	748,000	295,000	1,043,000
Advances Out	(295,000)	(748,000)	(1,043,000)
Transfers In		22,704	22,704
Transfers Out	(22,704)		(22,704)
Total Other Financing Sources (Uses)	<u>430,296</u>	<u>(430,296)</u>	
Changes in Fund Balances	(1,234,078)	(93,259)	(1,327,337)
Fund Balances at Beginning of Year	<u>11,208,970</u>	<u>2,439,722</u>	<u>13,648,692</u>
Fund Balances at End of Year	<u>\$9,974,892</u>	<u>\$2,346,463</u>	<u>\$12,321,355</u>

See accompanying notes to the basic financial statements.



**CELINA CITY SCHOOL DISTRICT  
MERCER COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE  
BUDGET (NON-GAAP BASIS) AND ACTUAL  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Over (Under)</b>
	<b>Original</b>	<b>Final</b>		<b>(Under)</b>
<b>Receipts:</b>				
Property Taxes	\$10,766,500	\$10,824,500	\$10,824,493	(\$7)
Income Taxes	2,100,000	2,222,500	2,221,865	(635)
Intergovernmental	11,743,000	11,665,300	11,937,015	271,715
Interest	206,000	97,500	76,847	(20,653)
Tuition and Fees	1,235,500	1,082,775	1,095,459	12,684
Charges for Services	107,000	190,500	191,339	839
Extracurricular Activities	180,500	186,805	181,228	(5,577)
Gifts and Donations	5,250	26,450	26,304	(146)
Miscellaneous	190,000	274,475	264,376	(10,099)
<b>Total Receipts</b>	<b>26,533,750</b>	<b>26,570,805</b>	<b>26,818,926</b>	<b>248,121</b>
<b>Disbursements:</b>				
<b>Current:</b>				
<b>Instruction:</b>				
Regular	13,147,501	14,175,683	12,868,972	1,306,711
Special	3,413,075	3,258,343	3,110,263	148,080
Vocational	1,283,403	1,201,723	1,055,646	146,077
Adult/Continuing	20,000	20,000		20,000
Other	2,292,699	1,903,302	1,825,135	78,167
<b>Support Services:</b>				
Pupils	1,941,406	1,871,811	1,772,897	98,914
Instructional Staff	1,595,423	1,768,026	1,680,099	87,927
Board of Education	189,882	321,068	118,205	202,863
Administration	2,088,828	2,274,255	2,043,985	230,270
Fiscal	1,645,705	893,225	806,752	86,473
Business	208,832	213,217	148,793	64,424
Operation and Maintenance of Plant	3,664,377	3,852,166	3,100,798	751,368
Pupil Transportation	1,313,443	1,328,587	1,250,846	77,741
Central	81,605	82,563	42,876	39,687
Extracurricular Activities	653,947	628,834	620,051	8,783
<b>Total Disbursements</b>	<b>33,540,126</b>	<b>33,792,803</b>	<b>30,445,318</b>	<b>3,347,485</b>
Excess of Receipts Under Disbursements	(7,006,376)	(7,221,998)	(3,626,392)	3,595,606
<b>Other Financing Sources (Uses):</b>				
Advances In	500,000	748,000	748,000	
Advances Out	(750,000)	(750,000)	(295,000)	455,000
Transfers Out	(50,000)	(50,000)	(22,704)	27,296
<b>Total Other Financing Sources (Uses)</b>	<b>(300,000)</b>	<b>(52,000)</b>	<b>430,296</b>	<b>482,296</b>
Changes in Fund Balance	(7,306,376)	(7,273,998)	(3,196,096)	4,077,902
Fund Balance at Beginning of Year	9,773,640	9,773,640	9,773,640	
Prior Year Encumbrances Appropriated	1,435,330	1,435,330	1,435,330	
<b>Fund Balance at End of Year</b>	<b>\$3,902,594</b>	<b>\$3,934,972</b>	<b>\$8,012,874</b>	<b>\$4,077,902</b>

See accompanying notes to the basic financial statements.

**CELINA CITY SCHOOL DISTRICT  
MERCER COUNTY**

**STATEMENT OF CASH BASIS FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2012**

	<u>Purpose Trust</u>	<u>Agency</u>
<b>Assets:</b>		
Equity in Pooled Cash and Cash Equivalents	<u>\$116,839</u>	<u>\$93,016</u>
<b>Net Assets:</b>		
Held in Trust for Scholarships	116,839	
Held for Student Activities		86,930
Undistributed Assets		6,086
Total Net Assets	<u>\$116,839</u>	<u>\$93,016</u>

*See accompanying notes to the basic financial statements.*

**CELINA CITY SCHOOL DISTRICT  
MERCER COUNTY**

**STATEMENT OF CHANGE IN FIDUCIARY NET ASSETS  
PRIVATE PURPOSE TRUST FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

<b>Additions:</b>	
Interest	\$1,197
Gifts and Donations	<u>9,109</u>
Total Additions	<u>10,306</u>
<b>Deductions:</b>	
Non-instructional Services	<u>18,020</u>
Change in Net Assets	(7,714)
Net Assets at Beginning of Year	<u>124,553</u>
Net Assets at End of Year	<u><u>\$116,839</u></u>

*See accompanying notes to the basic financial statements.*

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**CELINA CITY SCHOOL DISTRICT  
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

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

The School District is the 169th largest in the State of Ohio (among 612 school districts) in terms of enrollment. The School District is located in Mercer County, and includes all of the City of Celina and portions of Butler, Center, Franklin, Hopewell, Jefferson, Liberty, and Washington Townships. The School District is staffed by one hundred sixty-four classified employees, two hundred eight certified teaching personnel, and twenty-four administrative employees who provide services to 2,631 students and other community members. The School District currently operates six instructional buildings and a bus garage.

**Reporting Entity**

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

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

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

The School District participates in three jointly governed organizations and two insurance pools. These organizations are the Mercer County Local Professional Development Committee, the Northwestern Ohio Educational Research Council, Inc., the Northwest Ohio Area Computer Services Cooperative, the Ohio School Boards Association Workers' Compensation Group Rating Plan, and the Mercer Auglaize Schools Employee Benefit Trust. These organizations are presented in Notes 16 and 17 to the basic financial statements.

**CELINA CITY SCHOOL DISTRICT  
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Basis of Presentation**

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

**1. Government-Wide Financial Statements**

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

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

**2. Fund Financial Statements**

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

**CELINA CITY SCHOOL DISTRICT  
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)**

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

**B. Fund Accounting**

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

**1. Governmental Funds**

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

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

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

**2. Fiduciary Funds**

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

**C. Basis of Accounting**

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

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

**CELINA CITY SCHOOL DISTRICT  
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)**

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

**D. Budgetary Process**

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

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

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

**E. Cash and Investments**

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

During fiscal year 2012, the School District's investments included nonnegotiable certificates of deposit and mutual funds. Investments are reported at cost.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2012 was \$76,847 which included \$5,586 assigned from other School District funds.

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

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



**CELINA CITY SCHOOL DISTRICT  
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)**

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

**F. Restricted Assets**

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted assets in the General Fund represent amounts required by State statute to be set aside for the acquisition or construction of capital improvements.

**G. Capital Assets**

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

**H. Compensated Absences**

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

**I. Long-Term Obligations**

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

**J. Net Assets**

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

**K. Fund Balance**

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

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

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

**CELINA CITY SCHOOL DISTRICT  
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)**

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

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

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

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

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

**L. Interfund Activity**

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

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

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

**3. DEPOSITS AND INVESTMENTS**

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

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

**CELINA CITY SCHOOL DISTRICT  
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)**

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

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

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

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

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

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

**A. Deposits**

Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year-end, \$389,847 of the School District's bank balance of \$12,550,155 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

**CELINA CITY SCHOOL DISTRICT  
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)**

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

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

**B. Investments**

As of June 30, 2012, the School District's investments consisted of mutual funds with a carrying value of \$119,253 and a maturity of less than one year.

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

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

**4. PROPERTY TAXES**

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

Property taxes include amounts levied against all real property, public utility property, and tangible personal (used in business) property located in the School District. Real property tax revenues received in calendar year 2012 represent the collection of calendar year 2011 taxes. Real property taxes received in calendar year 2012 were levied after April 1, 2011, on the assessed values as of January 1, 2011, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenues received in calendar year 2012 represent the collection of calendar year 2011 taxes. Public utility real and tangible personal property taxes received in calendar year 2012 became a lien on December 31, 2010, were levied after April 1, 2011, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The School District receives property taxes from Mercer County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the county by June 30, 2012, are available to finance fiscal year 2012 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

**CELINA CITY SCHOOL DISTRICT  
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)**

**4. PROPERTY TAXES (Continued)**

The assessed values upon which fiscal year 2012 taxes were collected are:

	<b>2011 Second- Half Collections</b>		<b>2012 First- Half Collections</b>	
	<b>Amount</b>	<b>Percent</b>	<b>Amount</b>	<b>Percent</b>
Real	\$361,722,530	98.02%	\$372,216,130	97.99%
Public Utility	7,303,380	1.98	7,636,540	2.01
Total Assessed Value	<u>\$369,025,910</u>	<u>100.00%</u>	<u>\$379,852,670</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$39.47		\$40.65	

**5. INCOME TAXES**

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

**6. PAYMENT IN LIEU OF TAXES**

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

**7. INTERFUND BALANCES**

At June 30, 2012, the General Fund had an unpaid interfund cash advance, in the amount of \$295,000, to other governmental funds to provide cash flow resources until the receipt of district managed student activities receipts and grant monies.

**8. RISK MANAGEMENT**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2012, the School District contracted with various companies for the following insurance coverage:

Building and Contents - Replacement Cost	\$98,082,368
Automobile Liability	4,000,000
<b>General Liability:</b>	
Per Occurrence	4,000,000
Aggregate	6,000,000

**CELINA CITY SCHOOL DISTRICT  
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)**

**8. RISK MANAGEMENT (Continued)**

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

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

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

**9. DEFINED BENEFIT PENSION PLANS**

**A. School Teachers Retirement System**

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

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

**CELINA CITY SCHOOL DISTRICT  
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)**

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

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

**Funding Policy** - Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the STRS Ohio Board upon the recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. For the fiscal year ended June 30, 2012, plan members were required to contribute 10 percent of their annual covered salary. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations.

The School District's required contribution to STRS Ohio for the DBP and for the defined benefit portion of the CP were \$1,436,194 and \$21,690 for the fiscal year ended June 30, 2012, \$1,541,297 and \$17,921 for the fiscal year ended June 30, 2011, and \$1,541,827 and \$22,165 for the fiscal year ended June 30, 2010. For fiscal year 2012, 81 percent has been contributed for both the DBP and the CP. The full amount has been contributed for fiscal years 2011 and 2010.

The contribution to STRS Ohio for the DCP for fiscal year 2012 was \$17,633 made by the School District and \$12,595 made by the plan members. In addition, member contributions of \$15,493 were made for fiscal year 2012 for the defined contribution portion of the CP.

**B. School Employees Retirement System**

**Plan Description** - The School District participates in the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a stand-alone financial report that can be obtained by visiting the SERS website at [www.ohsers.org](http://www.ohsers.org) under employers/audit resources.

**Funding Policy** - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirement of plan members and employers is established and may be amended by the SERS Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the system's funds (pension trust fund, death benefit fund, Medicare B fund, and health care fund). For the fiscal year ended June 30, 2012, the allocation to pension and death benefits was 12.7 percent. The remaining 1.3 percent of the 14 percent employer contribution rate was allocated to the Medicare B and health care funds. The School District's required contribution for pension obligations to SERS for the fiscal years ended June 30, 2012, 2011, and 2010, was \$485,406, \$479,758, and \$513,646, respectively. For fiscal year 2012, 42 percent has been contributed. The full amount has been contributed for fiscal years 2011 and 2010.

**CELINA CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)**

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

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the State Teachers Retirement System or the School Employees Retirement System have an option to choose Social Security or the State Teachers Retirement System/School Employees Retirement System. As of June 30, 2012, none of the Board of Education members have elected Social Security. The Board's liability is 6.2 percent of wages paid.

**10. POSTEMPLOYMENT BENEFITS**

**A. State Teachers Retirement System**

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

**Funding Policy** - Chapter 3307 of the Ohio Revised Code authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for postemployment health care may be deducted from employer contributions. For fiscal year 2012, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to postemployment health care. The School District's contribution for health care for the fiscal years ended June 30, 2012, 2011, and 2010 was \$113,501, \$121,013, and \$121,157, respectively. For fiscal year 2012, 81 percent has been contributed. The full amount has been contributed for fiscal years 2011 and 2010.

**B. School Employees Retirement System**

**Plan Description** - The School District participates in two cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plans administered by the School Employees Retirement System (SERS) for classified retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians fees through several types of plans including HMO's, PPO's, and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligation to contribute are established by SERS based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which can be obtained by visiting the SERS website at [www.ohsers.org](http://www.ohsers.org) under employers/audit resources.



**CELINA CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)**

**10. POSTEMPLOYMENT BENEFITS (Continued)**

**Funding Policy** - State statute permits SERS to fund the health care benefits through employer contributions. Each fiscal year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For fiscal year 2012, .55 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount. For fiscal year 2012, this amount was \$35,800. For fiscal year 2012, the School District paid \$61,266 in surcharge.

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

The School District's contribution for health care for the fiscal years ended June 30, 2012, 2011, and 2010 was \$21,022, \$58,091, and \$18,488, respectively. For fiscal year 2012, 42 percent has been contributed. The full amount has been contributed for fiscal years 2011 and 2010.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare Part B Fund. For fiscal year 2012, this actuarially required allocation was .75 percent of covered payroll. The School District's contribution for Medicare Part B for the fiscal years ended June 30, 2012, 2011, and 2010 was \$28,666, \$30,874, and \$30,545, respectively. For fiscal year 2012, 42 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2011 and 2010.

**11. OTHER EMPLOYEE BENEFITS**

**A. Compensated Absences**

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

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

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

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

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

**CELINA CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)**

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

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

**B. Employee Insurance Benefits**

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

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

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

**C. Early Retirement Incentive**

Through August 31, 2012, the School District's Board of Education approved an early retirement incentive program for STRS employees in lieu of a sick leave severance payment. For STRS employees, the Board of Education will purchase, for all eligible employees who make application in accordance with the provision of the plan and the applicable regulations of the State Teachers Retirement System, one year of retirement service credit. Retirement must be completed no less than ninety days after the employee is notified of the purchase of additional service credit by the Board of Education. These expenses are reflected within the General Fund.

**12. LONG-TERM OBLIGATIONS**

Changes in the School District's long-term obligations during fiscal year 2012 were as follows:

	<u>Balance at 6/30/11</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at 6/30/12</u>	<u>Amounts Due Within One Year</u>
Governmental Activities					
General Obligation Bonds					
2005 School Improvement					
Refunding					
Serial Bonds 2 - 4.25%	\$9,520,000			\$9,520,000	
Capital Appreciation Bonds					
37.0475%	144,994		\$83,624	61,370	\$61,370
Total General Obligation Bonds	<u>\$9,664,994</u>	<u>\$0</u>	<u>\$83,624</u>	<u>\$9,581,370</u>	<u>\$61,370</u>

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

**CELINA CITY SCHOOL DISTRICT  
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)**

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

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

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

The School District's overall debt margin was \$24,604,221 with an un-voted debt margin of \$372,248 at June 30, 2012.

Principal and interest requirements to retire general obligation debt outstanding at June 30, 2012, were as follows:

<b>Fiscal Year Ending</b>	<b>General Obligation Bonds</b>			
	<b>Serial</b>		<b>Capital Appreciation</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2013		\$ 388,900	\$61,370	\$938,630
2014	\$1,015,000	368,600		
2015	1,070,000	326,900		
2016	1,125,000	283,000		
2017	1,190,000	236,700		
2018-2021	5,120,000	432,725		
Totals	<u>\$9,520,000</u>	<u>\$2,036,825</u>	<u>\$61,370</u>	<u>\$938,630</u>

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

**13. FUND BALANCE**

Fund balance is classified as non-spendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

<b>Fund Balance</b>	<b>General</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Non-spendable:</b>			
Unclaimed Monies	\$ 2,342		\$2,342
<b>Restricted for:</b>			
Athletics/Music		\$292,062	292,062
Capital Improvements	1,580,348	8,244	1,588,592
Class Size Reduction		2,757	2,757
Debt Service		683,266	683,266
Food Service Operations		134,696	134,696
Instruction		20,441	20,441
Learning Opportunities		32,978	32,978

(Continued)

**CELINA CITY SCHOOL DISTRICT  
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)**

**13. FUND BALANCE (Continued)**

<u>Fund Balance</u>	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Restricted for: (Continued)</b>			
Network Connectivity		4,664	4,664
Non-Public Schools		32,444	32,444
Preschool		145,313	145,313
Remedial Reading		45,749	45,749
Special Needs Students		49,286	49,286
Technology Improvements		718	718
Vocational Training		260,468	260,468
Total Restricted	<u>1,580,348</u>	<u>1,713,086</u>	<u>3,293,434</u>
<b>Committed to:</b>			
Capital Improvements		535,243	535,243
Future Severance Payments	751,537		751,537
Preschool		26,973	26,973
Vocational Training		71,161	71,161
Total Committed	<u>751,537</u>	<u>633,377</u>	<u>1,384,914</u>
<b>Assigned for:</b>			
Educational Activities	82,303		82,303
Instructional Materials	580,246		580,246
Unpaid Obligations	911,407		911,407
Total Assigned for:	<u>1,573,956</u>		<u>1,573,956</u>
Unassigned	<u>6,066,709</u>		<u>6,066,709</u>
Total Fund Balance	<u>\$9,974,892</u>	<u>\$2,346,463</u>	<u>\$12,321,355</u>

**14. SET ASIDES**

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

The following cash basis information identifies the change in the set aside amount for capital improvements during fiscal year 2012.

	<u>Capital Improvements</u>
Set-aside Reserve Balance as of June 30, 2011	
Current Year Set Aside Requirement	\$451,883
Qualifying Disbursements	(451,833)
Total	<u>\$ 0</u>

**15 INTERFUND TRANSFERS**

During fiscal year 2012, the General Fund made transfers to the other governmental funds, in the amount of \$22,704, to subsidize operations in other funds.

**CELINA CITY SCHOOL DISTRICT  
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)**

**16. JOINTLY GOVERNED ORGANIZATIONS**

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

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

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

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

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

The School District is a participant in the Northwest Ohio Area Computer Services Cooperative (NOACSC), which is a computer consortium. NOACSC is an association of educational entities within the boundaries of Allen, Hancock, Mercer, Paulding, Putnam, and Van Wert Counties, and the Cities of St. Marys and Wapakoneta. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member educational entities. The governing board of NOACSC consists of two representatives from each county elected by majority vote of all charter member educational entities within each county. During fiscal year 2012, the School District paid \$40,519 to NOACSC for various services. Financial information can be obtained from the Northwest Ohio Area Computer Services Cooperative, 645 South Main Street, Lima, Ohio 45804.

**17. INSURANCE POOLS**

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

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

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

**CELINA CITY SCHOOL DISTRICT  
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)**

**17. INSURANCE POOLS (Continued)**

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

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

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

**18. CONTINGENCIES**

**A. Grants**

The Auditor of State is currently performing a statewide review of supporting documentation for student attendance data reported to the Ohio Department of Education. The results of this review are still pending and will be reported separately to the Ohio Department of Education at a later date.

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. This also encompasses the Auditor of State's ongoing review of student attendance data. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2012, if applicable, cannot be determined at this time.

**B. Litigation**

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

**19. SUBSEQUENT EVENT**

The School District has entered into an agreement with the Ohio School Facilities Commission for the construction of a new elementary school. The School District is seeking voter approval of a \$27.7 million bond issue in November 2012.

**GELINA CITY SCHOOL DISTRICT  
MERCER COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

<b>Federal Grantor/ Pass Through Grantor Program Title</b>	<b>Pass Through Entity Number</b>	<b>Federal CFDA Number</b>	<b>Receipts</b>	<b>Non-Cash Receipts</b>	<b>Disbursements</b>	<b>Non-Cash Disbursements</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>						
<i>(Passed through Ohio Department of Education)</i>						
Child and Adult Care Food Program	2012	10.558	\$38,403		\$38,403	
	2011		19,005		19,005	
Total Child and Adult Care Food Program			57,408		57,408	
Nutrition Cluster:						
Non-Cash Assistance (food distribution)						
National School Lunch Program		10.555		\$167,931		\$167,931
Cash Assistance:						
School Breakfast Program		10.553	103,652		103,652	
National School Lunch Program		10.555	518,791		518,791	
Total Nutrition Cluster			622,443		622,443	
Total U.S. Department of Agriculture			679,851	167,931	679,851	167,931
<b>U.S. DEPARTMENT OF EDUCATION</b>						
<i>(Passed through Ohio Department of Education)</i>						
Special Education Cluster						
Special Education - Grants to States	2012	84.027	658,123		658,836	
	2011		(26,069)		34,823	
Total Special Education - Grants to States			632,054		693,659	
Special Education Preschool Grants						
Special Education Preschool Grants	2012	84.173	36,724		37,883	
	2011		7,067		106	
Total Special Education Preschool Grants			43,791		37,989	
Special Education Preschool Grants - ARRA	2011	84.392	1,961		2,297	
Total Special Education Cluster			677,806		733,945	
Title I Grants to Local Educational Agencies - ARRA	2011	84.389			148	
Title I Grants to Local Educational Agencies						
	2012	84.010	366,339		361,589	
	2011		17,373		21,401	
Total Title 1 Grants to Local Educational Agencies			383,712		382,990	
Improving Teacher Quality State Grants						
Improving Teacher Quality State Grants	2012	84.367	121,829		119,073	
	2011		(243)		1,970	
Total Improving Teacher Quality State Grants			121,586		121,043	
Career and Technical Education - Basic Grants to States						
Career and Technical Education - Basic Grants to States	2012	84.048	109,908		107,367	
	2011		9,223		10,680	
Total Career and Technical Education - Basic Grants to States			119,131		118,047	
Safe & Drug Free Schools and Communities-State Grants	2012	84.186	233		991	
Education Jobs Fund						
Education Jobs Fund	2012	84.410	146,904		142,443	
	2011		304,122		173,342	
Total Education Jobs Fund			451,026		315,785	

**GELINA CITY SCHOOL DISTRICT  
MERCER COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

<b>Federal Grantor/ Pass Through Grantor Program Title</b>	<b>Pass Through Entity Number</b>	<b>Federal CFDA Number</b>	<b>Receipts</b>	<b>Non-Cash Receipts</b>	<b>Disbursements</b>	<b>Non-Cash Disbursements</b>
<b>U.S. DEPARTMENT OF EDUCATION (Continued)</b>						
<i>(Passed through Ohio Department of Education)</i>						
Education Technology State Grants	2012	84.318	2,742		2,077	
21st Century Community Learning Center	2012	84.287	72,914		67,936	
	2011		3,000		1,686	
Total 21st Century Grants			75,914		69,622	
Race to the Top Incentive Grant - ARRA	2012	84.395	89,548		86,569	
	2011		(1,281)			
Total Race to the Top Incentive Grant			88,267		86,569	
State Fiscal Stabilization Fund - ARRA	2011	84.394			2,290	
School Improvement Grant	2011	84.377			235	
Total U. S. Department of Education			1,920,417		1,833,742	
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>						
<i>(Direct Program)</i>						
Headstart Program	2012	93.600	473,233		485,233	
	2011		479,517		481,477	
Total Headstart Program			952,750		966,710	
Total U.S. Department of Health and Human Services			952,750		966,710	
Total Federal Assistance			\$3,553,018	\$167,931	\$3,480,303	\$167,931

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



**CELINA CITY SCHOOL DISTRICT  
MERCER COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND DISBURSEMENTS  
FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Receipts and Disbursements (the Schedule) reports the Celina City School District (the District's) federal award programs' receipts and disbursements. The Schedule has been prepared on the cash basis of accounting.

**NOTE B - CHILD NUTRITION CLUSTER**

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

**NOTE C – FOOD DONATION PROGRAM**

The Government reports commodities consumed on the Schedule at the fair value. The Government allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities.

**NOTE D – NEGATIVE RECEIPTS**

The negative receipts in the FY 2011 grant year for CFDA #84.027, 84.367 and 84.395 was to move the funds into the FY 2012 grant year.

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# Dave Yost • Auditor of State

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

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

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Celina City School District, Mercer County, (the School District) as of and for the year ended June 30, 2012, which collectively comprise the School District's basic financial statements and have issued our report thereon dated January 11, 2013. We also noted the School District uses a comprehensive accounting basis other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

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

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

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

### Compliance and Other Matters

As part of reasonably assuring whether the School District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matter we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2012-001.

We also noted certain matters not requiring inclusion in this report that we reported to the School District's management in a separate letter dated January 11, 2013.

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

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



**Dave Yost**  
Auditor of State

January 11, 2013



# Dave Yost • Auditor of State

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

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

To the Board of Education:

### Compliance

We have audited the compliance of Celina City School District (the School District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the Celina City School District's major federal programs for the year ended June 30, 2012. The *summary of auditor's results* section of the accompanying schedule of findings identifies the School District's major federal programs. The School District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to opine on the School District's compliance based on our audit.

Our compliance audit followed auditing standards generally accepted in the United States of America; the standards applicable to financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the School District's compliance with these requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the School District's compliance with these requirements.

In our opinion, the Celina City School District complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2012.

### Internal Control Over Compliance

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

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**Internal Control Over Compliance  
(Continued)**

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

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

We noted a certain matter not requiring inclusion in this report that we reported to the School District's management in a separate letter dated January 11, 2013.

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



**Dave Yost**  
Auditor of State

January 11, 2013

**CELINA CITY SCHOOL DISTRICT  
MERCER COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2012**

**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 weaknesses reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control 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 weaknesses reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control 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(a)?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	CFDA #10.553 / 10.555 – Nutrition Cluster CFDA #84.410 – Education Jobs Fund CFDA #93.600 – Head Start
<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. FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

**1. Not Reporting in Accordance with GAAP**

**NONCOMPLIANCE**

**FINDING NUMBER 2012-001**

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

**Ohio Adm. Code Section 117-2-03 (B)** requires the School District to prepare its annual financial report in accordance with generally accepted accounting principles (GAAP). However, the School District prepared its financial statements for fiscal year 2012 following the cash accounting basis. This is a comprehensive accounting basis other than generally accepted accounting principles. The accompanying financial statements omit assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time. Pursuant to Ohio Rev. Code Section 117.38 the School District may be fined and subject to various other administrative remedies for its failure to file the required financial report.

The School District should prepare its annual financial statements in accordance with generally accepted accounting principles to include assets, liabilities and the disclosures to provide a completed presentation of financial status.

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

**3. FINDINGS FOR FEDERAL AWARDS**

None



**CELINA CITY SCHOOL DISTRICT  
MERCER COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
OMB CIRCULAR A -133 § .315 (b)  
JUNE 30, 2012**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2011-01	ORC Sec. 117.38 & OAC Sec. 117-2-03(B) – Failed to prepare financial statements in accordance with Generally Accepted Accounting Principles	No	Repeated as 2012-001
2011-02	34 CFR 80.20 (b)(7) – Failed to adhere to cash management procedures in regards to SFSF Grant monies	Yes	

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# Dave Yost • Auditor of State

**CELINA CITY SCHOOL DISTRICT**

**MERCER COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
FEBRUARY 14, 2013**