



Dave Yost • Auditor of State

**CELINA CITY SCHOOL DISTRICT
MERCER COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying cash-basis 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, 2017, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the School District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the School District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

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, 2017, and the respective changes in cash financial position and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

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. We draw attention to Note 2 of the financial statements, which describes the basis applied to these statements. The financial statements are prepared on the cash basis of accounting, which is a basis other than generally accepted accounting principles. We did not modify our opinion regarding this matter.

Other Matters

Supplemental Information

Our audit was conducted to opine on the financial statements taken as a whole.

The Schedule of Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

The schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 29, 2018, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

May 29, 2018

Celina City School District
Statement of Net Position - Cash Basis
June 30, 2017

	Governmental Activities
<u>Assets</u>	
Equity in Pooled Cash and Cash Equivalents	\$11,798,613
<u>Net Position</u>	
Restricted for:	
Debt Service	\$1,447,570
Capital Projects	1,626
Other Purposes	364,170
Setasides	1,242,013
Unrestricted	8,743,234
Total Net Position	\$11,798,613

See accompanying notes to the basic financial statements

Celina City School District
Statement of Activities - Cash Basis
For the Fiscal Year Ended June 30, 2017

	Program Cash Receipts			Net (Disbursement) Receipt and Change in Net Position
	Disbursements	Charges for Services	Operating Grants, Contributions, and Interest	Governmental Activities
Governmental Activities				
Instruction:				
Regular	\$15,441,551	\$551,314	\$115,943	(\$14,774,294)
Special	6,368,062	179,039	3,652,963	(2,536,060)
Vocational	1,383,194	736,550	246,563	(400,081)
Adult/Continuing	4,465	0	0	(4,465)
Support Services:				
Pupils	2,223,360	0	0	(2,223,360)
Instructional Staff	883,039	0	0	(883,039)
Board of Education	118,157	0	0	(118,157)
Administration	2,294,345	0	0	(2,294,345)
Fiscal	823,415	4,644	0	(818,771)
Business	146,776	0	0	(146,776)
Operation and Maintenance				
of Plant	2,795,375	0	0	(2,795,375)
Pupil Transportation	1,581,004	35,960	0	(1,545,044)
Central	71,313	0	9,000	(62,313)
Noninstructional Services	1,591,676	509,715	795,607	(286,354)
Extracurricular Activities	869,410	453,185	27,859	(388,366)
Capital Outlay	91,193	0	0	(91,193)
Debt Service:				
Principal Retirement	1,285,000	0	0	(1,285,000)
Interest and Fiscal Charges	115,963	0	0	(115,963)
Total Governmental Activities	\$38,087,298	\$2,470,407	\$4,847,935	(\$30,768,956)

General Receipts

Property Taxes Levied for:	
General Purposes	12,387,068
Debt Service	1,295,752
Income Taxes	2,692,280
Payment in Lieu of Taxes	219,082
Grants and Entitlements not Restricted to Specific Programs	13,677,888
Interest	92,128
Gifts and Donations	10,483
Miscellaneous	295,480
Total General Receipts	30,670,161
Change in Net Position	(98,795)
Net Position at Beginning of Year - Restated (Note 3)	11,897,408
Net Position at End of Year	\$11,798,613

See accompanying notes to the basic financial statements

Celina City School District
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
June 30, 2017

	General	Bond Retirement	Other Governmental	Total
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$8,459,081	\$1,447,570	\$648,393	\$10,555,044
Restricted Assets				
Equity in Pooled Cash and Cash Equivalents	1,243,569	0	0	1,243,569
Total Assets	<u>\$9,702,650</u>	<u>\$1,447,570</u>	<u>\$648,393</u>	<u>\$11,798,613</u>
<u>Fund Balances</u>				
Nonspendable	1,556	0	0	1,556
Restricted	1,242,013	1,447,570	364,240	3,053,823
Committed	536,160	0	410,028	946,188
Assigned	1,509,985	0	0	1,509,985
Unassigned (Deficit)	6,412,936	0	(125,875)	6,287,061
Total Fund Balances	<u>\$9,702,650</u>	<u>\$1,447,570</u>	<u>\$648,393</u>	<u>\$11,798,613</u>

See accompanying notes to the basic financial statements

Celina City School District
Statement of Cash Receipts, Cash Disbursements,
and Changes in Cash Basis Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2017

	General	Bond Retirement	Other Governmental	Total
<u>Receipts</u>				
Property Taxes	\$12,387,068	\$1,295,752	\$0	\$13,682,820
Income Taxes	2,692,280	0	0	2,692,280
Payment in Lieu of Taxes	0	0	219,082	219,082
Intergovernmental	14,876,316	276,399	3,344,955	18,497,670
Interest	80,633	7,770	4,079	92,482
Tuition and Fees	1,140,579	0	0	1,140,579
Charges for Services	119,306	0	757,337	876,643
Extracurricular Activities	163,433	0	289,752	453,185
Gifts and Donations	24,914	0	13,368	38,282
Miscellaneous	295,039	0	441	295,480
Total Receipts	31,779,568	1,579,921	4,629,014	37,988,503
<u>Disbursements</u>				
Current:				
Instruction:				
Regular	15,319,029	0	122,522	15,441,551
Special	4,918,866	0	1,449,196	6,368,062
Vocational	1,128,176	0	255,018	1,383,194
Adult/Continuing	4,465	0	0	4,465
Support Services:				
Pupils	1,786,250	0	437,110	2,223,360
Instructional Staff	698,030	0	185,009	883,039
Board of Education	118,157	0	0	118,157
Administration	2,016,302	322	277,721	2,294,345
Fiscal	791,236	32,179	0	823,415
Business	145,616	0	1,160	146,776
Operation and Maintenance of Plant	2,737,574	0	57,801	2,795,375
Pupil Transportation	1,161,290	0	419,714	1,581,004
Central	71,313	0	0	71,313
Noninstructional Services	0	0	1,591,676	1,591,676
Extracurricular Activities	612,662	0	256,748	869,410
Capital Outlay	65,614	0	25,579	91,193
Debt Service:				
Principal Retirement	0	1,285,000	0	1,285,000
Interest and Fiscal Charges	0	115,963	0	115,963
Total Disbursements	31,574,580	1,433,464	5,079,254	38,087,298
Excess of Receipts Over (Under) Disbursements	204,988	146,457	(450,240)	(98,795)
<u>Other Financing Sources (Uses)</u>				
Advances In	106,000	0	0	106,000
Advances Out	0	0	(106,000)	(106,000)
Transfers In	0	0	143,000	143,000
Transfers Out	(143,000)	0	0	(143,000)
Total Other Financing Sources (Uses)	(37,000)	0	37,000	0
Changes in Fund Balances	167,988	146,457	(413,240)	(98,795)
Fund Balances at Beginning of Year - Restated (Note 3)	9,534,662	1,301,113	1,061,633	11,897,408
Fund Balances at End of Year	<u>\$9,702,650</u>	<u>\$1,447,570</u>	<u>\$648,393</u>	<u>\$11,798,613</u>

See accompanying notes to the basic financial statements

Celina City School District
Statement of Receipts, Disbursements, and Changes in Fund Balance
Budget (Budgetary Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<u>Receipts</u>				
Property Taxes	\$12,160,000	\$12,160,000	\$12,387,068	\$227,068
Income Taxes	2,699,613	2,699,613	2,692,280	(7,333)
Intergovernmental	14,855,000	14,855,000	14,876,316	21,316
Interest	51,400	51,400	80,633	29,233
Tuition and Fees	1,224,500	1,224,500	1,140,579	(83,921)
Charges for Services	126,000	126,000	119,306	(6,694)
Extracurricular Activities	197,650	197,650	163,433	(34,217)
Gifts and Donations	28,500	28,500	24,914	(3,586)
Miscellaneous	160,300	160,300	295,039	134,739
Total Receipts	31,502,963	31,502,963	31,779,568	276,605
<u>Disbursements</u>				
Current:				
Instruction:				
Regular	13,419,925	13,316,925	13,145,249	171,676
Special	4,720,111	4,718,111	4,919,957	(201,846)
Vocational	1,047,248	1,083,548	1,146,342	(62,794)
Adult/Continuing	16,200	16,200	4,465	11,735
Other	1,992,068	2,342,068	2,320,704	21,364
Support Services:				
Pupils	1,648,779	1,738,779	1,794,870	(56,091)
Instructional Staff	914,262	915,087	871,660	43,427
Board of Education	159,055	170,155	156,043	14,112
Administration	2,125,349	2,185,849	2,021,640	164,209
Fiscal	811,298	807,673	793,854	13,819
Business	157,790	157,790	149,058	8,732
Operation and Maintenance of Plant	3,110,545	3,347,545	3,206,534	141,011
Pupil Transportation	1,237,560	1,248,060	1,230,725	17,335
Central	61,368	73,368	71,313	2,055
Extracurricular Activities	589,045	589,045	612,662	(23,617)
Capital Outlay	40,209	73,209	71,494	1,715
Total Disbursements	32,050,812	32,783,412	32,516,570	266,842
Excess of Receipts				
Under Disbursements	(547,849)	(1,280,449)	(737,002)	543,447
<u>Other Financing Sources (Uses)</u>				
Advances In	350,000	350,000	106,000	(244,000)
Advances Out	(600,000)	0	0	0
Transfers Out	(200,000)	(143,000)	(143,000)	0
Total Other Financing Sources (Uses)	(450,000)	207,000	(37,000)	(244,000)
Changes in Fund Balance	(997,849)	(1,073,449)	(774,002)	299,447
Fund Balance at Beginning of Year	9,004,644	9,004,644	9,004,644	0
Prior Year Encumbrances Appropriated	530,018	530,018	530,018	0
Fund Balance at End of Year	\$8,536,813	\$8,461,213	\$8,760,660	\$299,447

See accompanying notes to the basic financial statements

Celina City School District
Statement of Cash Basis Fiduciary Net Position
Fiduciary Funds
June 30, 2017

	Investment Trust	Private Purpose Trust	Agency
<u>Assets</u>			
Equity in Pooled Cash and Cash Equivalents	\$18,969,356	\$112,075	\$67,505
<u>Net Position</u>			
Held in Trust for Scholarships	\$0	\$112,075	\$0
Held for Student Activities	0	0	56,240
Held in Trust for External Pool Participants	18,969,356	0	0
Undistributed Assets	0	0	11,265
Total Net Position	\$18,969,356	\$112,075	\$67,505

See accompanying notes to the basic financial statements

Celina City School District
Statement of Cash Basis Change in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2017

	Investment Trust	Private Purpose Trust
<u>Additions</u>		
Interest	\$32,266	\$533
Capital Transactions	18,947,856	0
Gifts and Donations	<u>0</u>	<u>17,890</u>
Total Additions	18,980,122	18,423
<u>Deductions</u>		
Noninstructional Services	0	51,727
Distributions to Participants	<u>32,266</u>	<u>0</u>
Total Deductions	32,266	51,727
Change in Net Position	18,947,856	(33,304)
Net Position at Beginning of Year	<u>21,500</u>	<u>145,379</u>
Net Position at End of Year	<u><u>\$18,969,356</u></u>	<u><u>\$112,075</u></u>

See accompanying notes to the basic financial statements

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Celina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Note 1 - Description of the School District and Reporting Entity

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

The School District is located in Mercer County, and includes all of the City of Celina and portions of Butler, Center, Franklin, Hopewell, Jefferson, Liberty, and Washington Townships. The School District is staffed by one hundred sixty-two classified employees, two hundred fourteen certified teaching personnel, and twenty-eight administrative employees who provide services to 2,769 students and other community members. The School District currently operates seven instructional buildings and a bus garage.

Reporting Entity

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

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

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

The School District participates in three jointly governed organizations, three insurance pools, and a joint venture. 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 Plan, the Ohio School Boards Association Workers’ Compensation Group Rating Plan, the Mercer-Auglaize Area Schools Regional Council of Governments, and the Tri-Star Career Compact. These organizations are presented in Notes 21, 22, and 23 to the basic financial statements. Tri-Star Career Compact is reported as an investment trust fund since it represents the external portion of an investment pool.

Celina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Note 2 - Summary of Significant Accounting Policies

These financial statements are presented on a cash basis of accounting. This basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the School District's accounting policies.

A. Basis of Presentation

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

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

B. Fund Accounting

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

Celina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Note 2 - Summary of Significant Accounting Policies (continued)

Governmental Funds

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

Bond Retirement Fund - The Bond Retirement Fund is used to account for property taxes received through a voted levy and restricted to the payment of the general obligation bonds and related interest.

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

Fiduciary Funds

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 investment trust fund accounts for the external portion of the School District's investment pool. 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.

Note 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 (five-year forecast), the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The alternative tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Board of Education may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Board. The legal level of budgetary control selected by the Board is at the object level for the General Fund and the fund level in all other funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education. Budgetary allocations at the function level in the General Fund and function and object level in all other funds are made by the Treasurer.

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the 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 2017, the School District's investments included nonnegotiable and negotiable certificates of deposit, treasury bills, and mutual funds. Investments are reported at cost, except mutual funds which are reported at current share price.

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 2017 was \$80,633 which included \$26,553 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.

Note 2 - Summary of Significant Accounting Policies (continued)

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

F. Restricted Assets

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

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 Position

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

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:

Celina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Note 2 - Summary of Significant Accounting Policies (continued)

Nonspendable - The nonspendable classification includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. The “not in spendable form” includes items that are not expected to be converted to cash.

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

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

Assigned - Amounts in the assigned classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. Assigned amounts represent intended uses established by the Board of Education. The Board of Education has authorized the Treasurer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. The Board of Education has also assigned fund balance to cover a gap between estimated resources and appropriations in the fiscal year 2018 budget and for various educational activities.

Unassigned - Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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

L. Interfund Activity

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. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented on the financial statements.

Celina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Note 2 - Summary of Significant Accounting Policies (continued)

M. Pensions

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

Note 3 - Change in Reporting Entity and Accounting Principles

For fiscal year 2017, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 73, "Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68 and Amendments to Certain Provisions of GASB Statement No. 67 and No. 68" and GASB Statement No. 77, "Tax Abatement Disclosures".

GASB Statement No. 73 establishes requirements for defined benefit pensions that are not within the scope of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions", as well as for the assets accumulated for purposes of providing those pensions. It also amends certain provisions of GASB Statement No. 67, "Financial Reporting for Pension Plans", and GASB Statement No. 68. The implementation of this statement did not result in any changes to the School District's financial statements.

GASB Statement No. 77 requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues. These changes were incorporated in the School District's fiscal year 2017 financial statements; however, there was no effect on beginning net position/fund balance.

For the fiscal year ended June 30, 2016, the financial activity for Tri-Star Career Compact was presented as a special revenue fund on the School District's financial statements. For fiscal year 2017, the Tri-Star Career Compact will be reported as a joint venture and the financial activity will be reported as an investment trust fund on the School District's financial statements. Celina City School District serves as fiscal agent for the joint venture.

	General	Debt Service	Other Governmental	Total
Fund Balance at June 30, 2016	\$9,534,662	\$1,301,113	\$1,083,133	\$11,918,908
Change in Reporting Entity	0	0	(21,500)	(21,500)
Adjusted Fund Balance at June 30, 2016	\$9,534,662	\$1,301,113	\$1,061,633	\$11,897,408

Celina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Note 3 - Change in Reporting Entity and Accounting Principles (continued)

The change in reporting entity had the following effect on net position.

	<u>Governmental Activities</u>
Net Position at June 30, 2016	\$11,918,908
Change in Reporting Entity	<u>(21,500)</u>
Adjusted Net Position at June 30, 2016	<u>\$11,897,408</u>

Note 4 - Accountability and Compliance

A. Accountability

At June 30, 2017, the Public Preschool, Title VI-B, Vocational Education, Title III, Title I, EHA Preschool, and Classroom Reduction special revenue funds had deficit cash balances of \$7,638, \$40,971, \$8,418, \$775, \$55,510, \$3,388, and \$9,175, respectively, resulting from disbursements in advance of grant receipts. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed.

B. Compliance

Ohio Administrative Code Section 117-2-03(B) requires the District to file annual financial reports which are prepared using generally accepted accounting principles (GAAP). For 2017, the District prepared financial statements that, although formatted similar to financial statements prescribed by Governmental Accounting Standard Board Statement No. 34, report on the basis of cash receipts and cash disbursements rather than GAAP. The accompanying financial statements and notes omit assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equities, and disclosures that, while material, cannot be determined at this time. Pursuant to Ohio Revised Code Section 117.38, the District may be fined and subject to various other administrative remedies for its failure to file the required financial report.

Note 5 - Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash, receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements, and Changes in Fund Balance - Budget (Budgetary Basis) and Actual presented for the General Fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances which are treated as cash disbursements (budgetary basis) rather than as committed or assigned fund balance (cash basis). The General Fund encumbrances outstanding at year end (budgetary basis) were \$941,990.

Note 6 - Deposits and Investments

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

Celina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Note 6 - Deposits and Investments (continued)

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

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

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

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

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

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

Celina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Note 6 - Deposits and Investments (continued)

Investments

The School District reports their investments at cost or fair value. The fair value of the investments reported is not materially different than from cost. As of June 30, 2017, the School District had the following investments:

Measurement/Investment	Measurement Amount	Maturity
Cost		
Negotiable Certificates of Deposit	\$204,000	8/11/17
Negotiable Certificates of Deposit	249,000	8/17/17
Negotiable Certificates of Deposit	101,000	9/5/17
Negotiable Certificates of Deposit	248,000	9/11/17
Negotiable Certificates of Deposit	248,000	10/6/17
Negotiable Certificates of Deposit	496,000	10/16/17
Negotiable Certificates of Deposit	249,000	10/23/17
Negotiable Certificates of Deposit	248,000	11/15/17
Negotiable Certificates of Deposit	249,000	12/15/17
Negotiable Certificates of Deposit	249,000	12/18/17
Negotiable Certificates of Deposit	248,000	1/16/18
Negotiable Certificates of Deposit	745,000	2/2/18
Negotiable Certificates of Deposit	249,000	2/5/17
Negotiable Certificates of Deposit	249,000	2/7/18
Negotiable Certificates of Deposit	249,000	2/13/18
Negotiable Certificates of Deposit	498,000	2/14/18
Negotiable Certificates of Deposit	496,000	2/15/18
Negotiable Certificates of Deposit	498,000	2/16/18
Negotiable Certificates of Deposit	249,000	2/22/18
Negotiable Certificates of Deposit	1,990,000	2/23/18
Negotiable Certificates of Deposit	498,000	2/27/18
Negotiable Certificates of Deposit	498,000	2/28/18
Negotiable Certificates of Deposit	497,000	3/9/18
Negotiable Certificates of Deposit	498,000	3/14/18
Negotiable Certificates of Deposit	249,000	3/16/18
Negotiable Certificates of Deposit	247,000	3/23/18
Negotiable Certificates of Deposit	248,000	3/29/18
Negotiable Certificates of Deposit	248,000	4/20/18
Negotiable Certificates of Deposit	248,000	4/27/18
Negotiable Certificates of Deposit	248,000	5/11/18
Negotiable Certificates of Deposit	249,000	5/30/18
Negotiable Certificates of Deposit	248,000	8/1/18
Negotiable Certificates of Deposit	240,000	8/6/18
Negotiable Certificates of Deposit	248,000	9/28/18
Negotiable Certificates of Deposit	248,000	10/26/18
Negotiable Certificates of Deposit	248,000	11/13/18
Negotiable Certificates of Deposit	248,000	12/3/18
Negotiable Certificates of Deposit	248,000	1/25/19

(continued)

Celina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Note 6 - Deposits and Investments (continued)

Measurement/Investment	Measurement Amount	Maturity
Cost		
Negotiable Certificates of Deposit	\$216,000	1/28/19
Negotiable Certificates of Deposit	249,000	1/30/19
Negotiable Certificates of Deposit	249,000	1/31/19
Negotiable Certificates of Deposit	248,000	2/1/19
Negotiable Certificates of Deposit	249,000	4/30/19
Negotiable Certificates of Deposit	249,000	5/8/19
Negotiable Certificates of Deposit	249,000	5/24/19
Negotiable Certificates of Deposit	248,000	5/28/19
Negotiable Certificates of Deposit	486,743	7/15/19
Negotiable Certificates of Deposit	248,000	7/30/19
Negotiable Certificates of Deposit	249,000	7/31/19
United States Treasury Bill	299,927	7/6/17
Fair Value		
Mutual Funds	15,838	34 days
Mutual Funds	2,308,320	44 days
Mutual Funds	2,917	106 days
	<u>\$19,035,745</u>	

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

The negotiable certificates of deposit are generally covered by FDIC and/or SIPC insurance. The United States Treasury Bill and mutual funds carry a rating of Aaa by Moodys. The School District has no policy dealing with credit risk beyond the requirements of State statute. Ohio law requires that mutual funds in eligible securities must be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

Negotiable certificates of deposit and the United States Treasury Bill make up 86.2 and 1.58 percent of the School District's total portfolio, respectively.

Note 7 - Investment Pool

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

Celina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Note 7 - Investment Pool (continued)

Condensed financial information for the investment pool is as follows:

Statement of Net Position
June 30, 2017

<u>Assets</u>	
Equity in Pooled Cash and Cash Equivalents	\$30,947,549
	<hr/>
<u>Net Position Held in Trust for Pool Participants</u>	
Internal Portion	\$11,978,193
External Portion	18,969,356
	<hr/>
Total Net Position Held in Trust for Pool Participants	\$30,947,549
	<hr/> <hr/>

Statement of Changes in Net Position
June 30, 2017

<u>Revenues</u>	
Interest	\$125,281
<u>Expenses</u>	
Operating Expenses	0
	<hr/>
Net Increase Resulting from Operations	125,281
Distributions to Participants	(124,748)
Capital Transactions	18,811,541
	<hr/>
Total Increase in Net Position	18,812,074
Net Position Beginning of Year	12,135,475
	<hr/>
Net Position End of Year	\$30,947,549
	<hr/> <hr/>

Celina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Note 7 - Investment Pool (continued)

Investments

As of June 30, 2017, the School District's investment pool had the following investments:

Measurement/Investment	Measurement Amount	Maturity
Cost		
Negotiable Certificates of Deposit	\$249,000	8/17/17
Negotiable Certificates of Deposit	249,000	10/23/17
Negotiable Certificates of Deposit	248,000	11/15/17
Negotiable Certificates of Deposit	249,000	12/15/17
Negotiable Certificates of Deposit	249,000	12/18/17
Negotiable Certificates of Deposit	497,000	2/2/18
Negotiable Certificates of Deposit	249,000	2/5/17
Negotiable Certificates of Deposit	249,000	2/7/18
Negotiable Certificates of Deposit	249,000	2/13/18
Negotiable Certificates of Deposit	498,000	2/14/18
Negotiable Certificates of Deposit	496,000	2/15/18
Negotiable Certificates of Deposit	498,000	2/16/18
Negotiable Certificates of Deposit	249,000	2/22/18
Negotiable Certificates of Deposit	1,990,000	2/23/18
Negotiable Certificates of Deposit	498,000	2/27/18
Negotiable Certificates of Deposit	498,000	2/28/18
Negotiable Certificates of Deposit	497,000	3/9/18
Negotiable Certificates of Deposit	498,000	3/14/18
Negotiable Certificates of Deposit	249,000	3/16/18
Negotiable Certificates of Deposit	247,000	3/23/18
Negotiable Certificates of Deposit	248,000	4/27/18
Negotiable Certificates of Deposit	249,000	5/30/18
Negotiable Certificates of Deposit	248,000	8/1/18
Negotiable Certificates of Deposit	248,000	11/13/18
Negotiable Certificates of Deposit	248,000	12/3/18
Negotiable Certificates of Deposit	248,000	1/25/19
Negotiable Certificates of Deposit	249,000	1/30/19
Negotiable Certificates of Deposit	249,000	1/31/19
Negotiable Certificates of Deposit	248,000	2/1/19
Negotiable Certificates of Deposit	249,000	4/30/19
Negotiable Certificates of Deposit	249,000	5/8/19
Negotiable Certificates of Deposit	249,000	5/24/19
Negotiable Certificates of Deposit	248,000	5/28/19
Negotiable Certificates of Deposit	486,743	7/15/19
Negotiable Certificates of Deposit	248,000	7/30/19
Negotiable Certificates of Deposit	249,000	7/31/19
United States Treasury Bill	299,927	7/6/17
Fair Value		
Mutual Funds	2,306,609	44 days
	<u>\$15,526,279</u>	

Celina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Note 7 - Investment Pool (continued)

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 negotiable certificates of deposit are generally covered by FDIC and/or SIPC insurance. The United States Treasury Bill and mutual funds carry a rating of Aaa by Moodys. The School District has no policy dealing with credit risk beyond the requirements of State statute. Ohio law requires that mutual funds in eligible securities must be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

Negotiable certificates of deposit and the United States Treasury Bill make up 83.21 and 1.93 percent of the School District's total portfolio, respectively.

Note 8 - Property Taxes

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenues received in calendar year 2017 represent the collection of calendar year 2016 taxes. Real property taxes received in calendar year 2017 were levied after April 1, 2016, on the assessed values as of January 1, 2016, 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 2017 represent the collection of calendar year 2016 taxes. Public utility real and tangible personal property taxes received in calendar year 2017 became a lien on December 31, 2015, were levied after April 1, 2016, 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, 2017, are available to finance fiscal year 2017 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Celina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Note 8 - Property Taxes (continued)

The assessed values upon which fiscal year 2017 taxes were collected are:

	2016 Second- Half Collections		2017 First- Half Collections	
	Amount	Percent	Amount	Percent
Real	\$427,475,090	98.43%	\$430,176,260	98.40%
Public Utility	6,830,120	1.57	6,983,340	1.60
Total Assessed Value	<u>\$434,305,210</u>	<u>100.00%</u>	<u>\$437,159,600</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$38.45		\$38.39	

Note 9 - Tax Abatements

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

Overlapping Government	Amount of Fiscal Year 2017 Taxes Abated
Community Reinvestment Area City of Celina	\$109,793
Enterprise Zone Tax Exemption Mercer County	139,168
	<u>\$248,961</u>

Note 10 - 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, 2014, for a five-year period. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the General Fund.

Note 11 - Payment in Lieu of Taxes

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

Celina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Note 12 - 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 2017, the School District contracted with the Ohio School Plan for the following insurance coverage:

Building and Contents - Replacement Cost	\$109,290,737
Automobile Liability	5,000,000
General Liability	
Per Occurrence	5,000,000
Aggregate	7,000,000

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.

For fiscal year 2017, the School District participated in the Ohio School Plan (Plan), an insurance purchasing pool. Each participant enters into an individual agreement with the Plan for insurance coverage and pays annual premiums to the Plan based on the types and limits of coverage and deductibles selected by the participant.

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

The School District participates in the Mercer-Auglaize Area Schools Regional Council of Governments (Council), 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 Council for employee medical and dental insurance coverage. The Council is responsible for the management and operations of the program. Upon withdrawal from the Council of Governments, a participant is responsible for the payment of all Trust liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

Note 13 - Contractual Commitments

At fiscal year end, the amount of significant encumbrances expected to be honored upon performance by the vendor in fiscal year 2018 are as follows:

General Fund	\$941,990
Other Governmental Funds	163,963
Total	\$1,105,953

Note 14 - Defined Benefit Pension Plans

Net Pension Liability

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

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

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

GASB Statement No. 68 assumes the liability is solely the obligation of the employer because (1) they benefit from employee services and (2) State statute requires all funding to come from the employers. All contributions to date have come solely from the employer (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within thirty years. If the amortization period exceeds thirty years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

Plan Description - School Employees Retirement System (SERS)

Plan Description - School District classified employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. 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 Ohio Revised Code Chapter 3309. SERS issues a publicly available stand-alone financial report that includes financial statements, required supplementary information, and detailed information about SERS' fiduciary net position. The report can be obtained by visiting the SERS website at www.ohsers.org under employers/audit resources.

Celina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Note 14 - Defined Benefit Pension Plans (continued)

Age and service requirements for retirement are as follows.

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

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

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

One year after an effective benefit date, a benefit recipient is entitled to a 3 percent cost-of-living adjustment (COLA). This same COLA is added each year to the base benefit amount on the anniversary date of the benefit.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2017, the allocation to pension, death benefits, and Medicare B was 14 percent. No allocation was made to the Health Care Fund.

The School District's contractually required contribution to SERS was \$612,951 for fiscal year 2017.

Plan Description - State Teachers Retirement System (STRS)

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

Note 14 - Defined Benefit Pension Plans (continued)

New members have a choice of three retirement plans; a Defined Benefit Plan (DBP), a Defined Contribution Plan (DCP), and a Combined Plan (CP). Benefits are established by Ohio Revised Code Chapter 3307. The DBP plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by 2 percent of the original base benefit. For members retiring August 1, 2013, or later, the first 2 percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age sixty with five years of qualifying service credit, at age fifty-five with twenty-six years of service credit, or thirty-one years of service credit regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age sixty-five or thirty-five years of service credit and at least age sixty.

The DCP allows members to place all of their member contributions and 9.5 percent of the 14 percent employer contribution into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5 percent of the 14 percent employer contribution rate is allocated to the defined benefit unfunded liability. 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, 12 percent of the 14 percent member rate goes to the DCP and the remaining 2 percent is applied to the DBP. Member contributions to the DCP are allocated among investment choices by the member and contributions to the DBP from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DBP. The defined benefit portion of the CP payment is payable to a member on or after age sixty with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age fifty or later.

New members who choose the DCP or CP will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's CP account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB Statement No. 68 reporting purposes.

A DBP or CP member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit that apply for disability benefits. Members in the 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 - Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2017, the employer rate was 14 percent and the plan members were also required to contribute 14 percent of covered salary. The statutory member contribution was increased 1 percent to 14 percent on July 1, 2016. The fiscal year 2017 contribution rates were equal to the statutory maximum rates.

Celina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Note 14 - Defined Benefit Pension Plans (continued)

The School District's contractually required contributions to STRS was \$1,905,191 for fiscal year 2017.

Net Pension Liability

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the projected contributions of all participating entities. Following is information related to the proportionate share.

	SERS	STRS	Total
Proportion of the Net Pension Liability Prior Measurement Date	.13737910%	.12390366%	
Proportion of the Net Pension Liability Current Measurement Date	.14044920%	.12691951%	
Change in Proportionate Share	.00307010%	.00301585%	
 Proportionate Share of the Net Pension Liability	 \$10,279,586	 \$42,483,786	 \$52,763,372

Actuarial Assumptions - SERS

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

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

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

Celina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Note 14 - Defined Benefit Pension Plans (continued)

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation prepared as of June 30, 2016, and June 30, 2015, are presented below.

	June 30, 2016	June 30, 2015
Wage Inflation	3 percent	3.25 percent
Future Salary Increases, including inflation	3.5 percent to 18.2 percent	4 percent to 22 percent
COLA or Ad Hoc COLA	3 percent	3 percent
Investment Rate of Return	7.5 percent net of investment expenses, including inflation	7.75 percent net of investment expenses, including inflation
Actuarial Cost Method	entry age normal	entry age normal

For 2016, the mortality assumptions are that mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projections and a five year set back for both males and females. For 2015, the mortality assumptions were based on the 1994 Group Annuity Mortality Table set back one year for both males and females. Special mortality tables were used for the period after disability retirement.

The most recent experience study was completed for the five year period ended June 30, 2015.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	1.00%	0.50%
U.S. Stocks	22.50	4.75
Non-U.S. Stocks	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	10.00	3.00
Total	<u>100.00%</u>	

Celina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Note 14 - Defined Benefit Pension Plans (continued)

Discount Rate - The total pension liability was calculated using the discount rate of 7.5 percent. A discount rate of 7.75 percent was used in the prior measurement period. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.5 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - Net pension liability is sensitive to changes in the discount rate and to illustrate the potential impact, the following table presents the net pension liability calculated using the discount rate of 7.5 percent as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.5 percent) or one percentage point higher (8.5 percent) than the current rate.

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
School District's Proportionate Share of the Net Pension Liability	\$13,609,531	\$10,279,586	\$7,492,283

Actuarial Assumptions - STRS

The total pension liability in the June 30, 2016, actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement.

Inflation	2.75 percent
Projected Salary Increases	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	7.75 percent, net of investment expenses, including inflation
Cost of Living Adjustments (COLA)	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA commences on fifth anniversary of retirement date

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022-Scale AA) for males and females. Males ages are set back two years through age eighty-nine and no set back for age ninety and above. Females younger than age eighty are set back four years, one year set back from age eighty through eighty-nine, and no set back from age ninety and above.

Actuarial assumptions used in the June 30, 2016, valuation are based on the results of an actuarial experience study effective July 1, 2012.

Celina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Note 14 - Defined Benefit Pension Plans (continued)

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

Asset Class	Target Allocation	Long-Term Expected Rate of Return *
Domestic Equity	31.00%	8.00%
International Equity	26.00	7.85
Alternatives	14.00	8.00
Fixed Income	18.00	3.75
Real Estate	10.00	6.75
Liquidity Reserves	1.00	3.00
	<u>100.00%</u>	

*10 year annualized geometric nominal returns include the real rate of return and inflation of 2.5 percent and does not include investment expenses. The total fund long-term expected return reflects diversification among the asset classes and, therefore, is not a weighted average return of the individual asset classes.

Discount Rate - The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2016. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are excluded. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2016. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2016.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table presents the School District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.75 percent as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75 percent) or one percentage point higher (8.75 percent) than the current rate.

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School District's Proportionate Share of the Net Pension Liability	\$56,457,499	\$42,483,786	\$30,696,135

Note 14 - Defined Benefit Pension Plans (continued)

Changes Between Measurement Date and Report Date

In March 2017, the STRS Board adopted certain assumption changes which will impact their annual actuarial valuation prepared as of June 30, 2017. The most significant change is a reduction in the discount rate from 7.75 percent to 7.45 percent. In April 2017, the STRS Board voted to suspend cost of living adjustments granted on or after July 1, 2017. Although the exact amount of these changes is not known, the overall decrease to the School District's net pension liability is expected to be significant.

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, 2017, none of the Board of Education members have elected Social Security. The Board's liability is 6.2 percent of wages paid.

Note 15 - Postemployment Benefits

School Employees Retirement System (SERS)

Health Care Plan Description - The School District contributes to the SERS Health Care Fund administered by SERS for classified retirees and their beneficiaries. For GASB Statement No. 45 purposes, this plan is considered a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan. SERS offers several types of health care plans from various vendors including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health care coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained by visiting the SERS website at www.ohsers.org under employers/audit resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). The SERS Retirement Board reserves the right to change or discontinue any health plan or program. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

Celina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Note 15 - Postemployment Benefits (continued)

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2017, no allocation of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount; prorated if less than a full year of service credit was earned. For fiscal year 2017, this amount was \$23,500. State statute provides that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS covered payroll for the health care surcharge. For fiscal year 2017, the School District's surcharge obligation is not yet available.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate is the amount assigned to the Health Care Fund. The School District's contribution for health care for the fiscal years ended June 30, 2017, 2016, and 2015 was \$0, \$0, and \$33,914, respectively. The full amount has been contributed for all three fiscal years.

State Teachers Retirement System (STRS)

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) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer the plan. Benefits include hospitalization, physicians' fees, prescription drugs, and partial reimbursement of monthly Medicare Part B premiums. The Plan is included in the STRS financial report which can be obtained by visiting the STRS website at www.strsoh.org or by calling (888) 227-7877.

Funding Policy - Ohio Revised Code Chapter 3307 authorizes STRS to offer the health care plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the health care plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for postemployment health care may be deducted from employer contributions. For fiscal years ended June 30, 2017, 2016, and 2015, STRS did not allocate any employer contributions to postemployment health care.

Note 16 - Other Employee Benefits

A. Compensated Absences

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

Celina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Note 16 - Other Employee Benefits (continued)

Teachers, administrators, and classified employees earn sick leave at a rate of one and one-fourth days per month. For teachers and administrators upon retirement, the School District maintains three severance leave banks as described below and severance leave is based on the same accumulation factor as sick leave. For the purpose of the severance calculation, sick leave accumulation will be unlimited. Upon retirement, payment will be made as follows:

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

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

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

For classified employees, sick leave may be accumulated to a maximum of two hundred days; however, accumulation is unlimited for severance purposes. 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 Area Schools Regional Council of Governments. 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 American United Life Insurance.

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

Note 17 - Long-Term Obligations

Changes in the School District's long-term obligations during fiscal year 2017 were as follows:

	Balance at 6/30/16	Additions	Reductions	Balance at 6/30/17	Amounts Due Within One Year
Governmental Activities					
General Obligation Bonds					
2013 School Improvement Refunding					
Serial Bonds 1 - 2.125%	\$6,525,000	\$0	\$1,285,000	\$5,240,000	\$1,305,000

Celina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Note 17 - Long-Term Obligations (continued)

FY 2013 School Improvement Refunding General Obligation Bonds - On May 22, 2013, the School District issued \$7,435,000 in general obligation refunding bonds, consisting of \$6,865,000 in serial bonds and \$570,000 in capital appreciation bonds, with interest rates of 1 percent to 2.125 percent, to partially refund bonds previously issued in fiscal year 2005 for constructing and renovating the School District's buildings. The bonds were issued for an eight year period, with final maturity during fiscal year 2021. The capital appreciation bonds were fully retired in fiscal year 2016. The remaining bonds will be retired through the Bond Retirement debt service fund.

The serial bonds maturing after December 1, 2020, 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, 2019, at the redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the redemption date.

The School District's overall debt margin was \$34,927,479 with an unvoted debt margin of \$430,221 at June 30, 2017.

Principal and interest requirements to retire general obligation debt outstanding at June 30, 2017, were as follows:

Fiscal Year Ending	General Obligation Bonds	
	Serial	
	Principal	Interest
2018	\$1,305,000	\$93,275
2019	1,335,000	66,875
2020	1,380,000	39,725
2021	1,220,000	12,962
Totals	\$5,240,000	\$212,837

Note 18 - Fund Balance

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

Fund Balance	General	Bond Retirement	Other Governmental	Total Governmental Funds
Nonspendable :				
Unclaimed Monies	\$1,556	\$0	\$0	\$1,556
Restricted for:				
Athletics and Music	0	0	251,930	251,930
Capital Improvements	1,242,013	0	1,626	1,243,639
Debt Service	0	1,447,570	0	1,447,570
Food Service Operations	0	0	209	209
Network Connectivity	0	0	13,500	13,500
Non-Public Schools	0	0	85,764	85,764
	0	0		(continued)

Celina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Note 18 - Fund Balance (continued)

Fund Balance	General	Bond Retirement	Other Governmental	Total Governmental Funds
Restricted for (continued)				
Preschool	\$0	\$0	\$11,211	\$11,211
Total Restricted	1,242,013	1,447,570	364,240	3,053,823
Committed to:				
Capital Improvements	0	0	384,572	384,572
Future Severance Payments	536,160	0	0	536,160
Preschool	0	0	13,260	13,260
Vocational Training	0	0	12,196	12,196
Total Committed	536,160	0	410,028	946,188
Assigned for:				
Educational Activities	94,640	0	0	94,640
Projected Budget Shortage	890,973	0	0	890,973
Unpaid Obligations	524,372	0	0	524,372
Total Assigned	1,509,985	0	0	1,509,985
Unassigned	6,412,936	0	(125,875)	6,287,061
Total Fund Balance	\$9,702,650	\$1,447,570	\$648,393	\$11,798,613

Note 19 - Set Asides

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

The following cash basis information identifies the change in the set aside amount for capital improvements during fiscal year 2017.

	Capital Improvements
Balance June 30, 2016	\$1,427,384
Current Year Set Aside Requirement	455,924
Qualifying Expenditures	(641,295)
Balance June 30, 2017	\$1,242,013

Note 20 - Interfund Transfers

During fiscal year 2017, the General Fund made transfers to other governmental funds, in the amount of \$143,000, to subsidize operations in other funds.

Note 21 - 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., 441 East Market Street, Celina, Ohio, 45822.

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, Auglaize, Hancock, Hardin, Lucas, Mercer, Paulding, Putnam, Seneca, Van Wert, and Wood Counties, and the Cities of St. Marys and Wapakoneta. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member educational entities. The governing board of NOACSC consists of two representatives from each county elected by majority vote of all charter member educational entities within each county. During fiscal year 2017, the School District paid \$61,097 to NOACSC for various services. Financial information can be obtained from the Northwest Ohio Area Computer Services Cooperative, 4277 East Road, Elida, Ohio 45804.

Note 22 - Insurance Pools

A. Ohio School Plan

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

B. 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.

C. Mercer-Auglaize Area Schools Regional Council of Governments

The School District participates in a public entity shared risk pool consisting of eleven school districts and two educational service centers. The Mercer-Auglaize Area Schools Regional Council of Governments is organized as a Voluntary Employee Benefit Association under Section 501(c)(9) of the Internal Revenue Code and provides medical, drug, and dental 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 Council.

Each participant decides which plans offered by the Administrative Committee will be extended to its employees. Participation in the Council is by written application subject to acceptance by the Administrative Committee and payment of the monthly premiums. Financial information can be obtained from the Mercer County Educational Service Center, 441 East Market Street, Celina, Ohio 45822.

Note 23 - Joint Venture

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

Celina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Note 23 - Joint Venture (continued)

The joint venture is served by an advisory council consisting of two representatives each from the St. Marys City School District, the Celina City School District, and the Coldwater Exempted Village School District, three members representing the local school districts in Auglaize County (Minster, New Bremen, and New Knoxville), and three members representing the local school districts in Mercer County (Fort Recovery, Marion, and St. Henry). Members serve terms of two years. The advisory council serves at the discretion of the Boards of Education of the participating school districts and is not responsible to serve the electorate in any legal capacity.

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

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

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

Note 24 - Contingencies

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2017.

Celina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Note 24 - Contingencies (continued)

B. School Foundation

School District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for fiscal year 2017, traditional school districts must comply with minimum hours of instruction instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the School District, which can extend past the fiscal year end. The foundation funding for the School District was adjusted and resulted in an amount of \$1,463 due to the School District.

C. Litigation

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

**CELINA CITY SCHOOL DISTRICT
MERCER COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Federal Grantor Pass-Through Grantor Program Title	Federal CFDA Number	Expenditures	Non-Cash Expenditures
U. S. Department of Agriculture			
(Passed through Ohio Department of Education)			
Child and Adult Care Food Program	10.558	\$65,021	
Total Child and Adult Care Food Program		<u>65,021</u>	
Child Nutrition Cluster:			
Non-Cash Assistance (food distribution)			
National School Lunch Program	10.555		\$102,656
School Breakfast Program	10.553		5,403
Cash Assistance			
Child Summer and Food Program	10.559	8,017	
National School Lunch Program	10.555	536,246	
School Breakfast Program	10.553	123,347	
Total Child Nutrition Cluster		<u>667,610</u>	<u>108,059</u>
Total U. S. Department of Agriculture		<u>732,631</u>	<u>108,059</u>
U. S. Department of Education			
(Passed through Ohio Department of Education)			
Special Education Cluster:			
Special Education - Grants to States	84.027	686,865	
Special Education - Preschool Grants	84.173	39,135	
Total Special Education Cluster		<u>726,000</u>	
English Language Acquisition State Grants	84.365	776	
Title I Grants to Local Educational Agencies	84.010	586,487	
Improving Teacher Quality State Grants	84.367	94,542	
Career and Technical Education - Basic Grants to States	84.048	116,785	
Total U. S. Department of Education		<u>1,524,590</u>	
U. S. Department of Health and Human Services			
Direct Program			
Head Start	93.600	1,097,975	
Total U. S. Department of Health and Human Services		<u>1,097,975</u>	
Total Expenditures of Federal Awards		<u><u>\$3,355,196</u></u>	<u><u>\$108,059</u></u>

The accompanying notes are an integral part of this schedule.

**CELINA CITY SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Celina City School District (the School District's) under programs of the federal government for the year ended June 30, 2017. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position or changes in net position of the School District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The School District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE C - CHILD NUTRITION CLUSTER

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

NOTE D – FOOD DONATION PROGRAM

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

NOTE E - MATCHING REQUIREMENTS

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



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

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

To the Board of Education:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the cash-basis 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, 2017, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated May 29, 2018, wherein we noted the School District uses a special purpose framework other than generally accepted accounting principles.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the School District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the School District's internal control. Accordingly, we have not opined on it.

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 a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the School District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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, opining 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 2017-001.

School District's Response to Finding

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.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the School District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the School District's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Dave Yost
Auditor of State
Columbus, Ohio

May 29, 2018



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

To the Board of Education:

Report on Compliance for Each Major Federal Program

We have audited Celina City School District's (the School District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect each of Celina City School District's major federal programs for the year ended June 30, 2017. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the School District's major federal programs.

Management's Responsibility

The School District's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the School District's compliance for each of the School District's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on each of the School District's major programs. However, our audit does not provide a legal determination of the School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Celina City School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2017.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which Uniform Guidance requires us to report, described in the accompanying schedule of findings as item 2017-002. Our opinion on *each* major federal program is not modified with respect to this matter.

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

Report on Internal Control Over Compliance

The School District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the School District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the School District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Therefore, we cannot assure we have identified all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency, described in the accompanying schedule of findings as item 2017-002.

The School District's response to the internal control over compliance finding we identified is described in the accompanying schedule of findings and corrective action plan. We did not audit the School District's response and, accordingly, we express no opinion on it.

This report only describes the scope of our tests of internal control over compliance and the results of this testing based on the Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.

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
Columbus, Ohio

May 29, 2018

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**CELINA CITY SCHOOL DISTRICT
MERCER COUNTY**

**SCHEDULE OF FINDINGS
2 C.F.R. § 200.515
JUNE 30, 2017**

1. SUMMARY OF AUDITOR'S RESULTS
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<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iv)</i>	Were there any material weaknesses in internal control reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	Yes
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under 2 C.F.R. § 200.516(a)?	Yes
<i>(d)(1)(vii)</i>	Major Programs (list):	Title I Grants to Local Educational Agencies – CFDA # 84.010 Head Start – CFDA # 93.600
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee under 2 C.F.R. § 200.520?	No

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

FINDING NUMBER 2017-001

Noncompliance – Failure to File GAAP

Ohio Rev. Code § 117.38 provides, in part, that each public office, other than a state agency, 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 § 117-2-03(B) further clarifies the requirements of Ohio Rev. Code § 117.38.

Ohio Admin. Code § 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 2017 in accordance with the cash accounting basis. The accompanying financial statements omit assets, liabilities, deferred inflows/outflows, 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 did not file GAAP statements in fiscal year 2017.

The School District should prepare its annual financial statements in accordance with GAAP to include assets, liabilities, deferred inflows/outflows, equity and the disclosures required to accurately and completely present the School District's financial condition.

Official's Response:

The Treasurer and the 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.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

Significant Deficiency/Noncompliance - Matching

Finding Number	2017-002		
CFDA Title and Number	Head Start CFDA #93.600		
Federal Award Identification Number / Year	Award # 05CH8467-04-04 Award Year - 12/1/16 – 11/30/17		
Federal Agency	U.S. Department of Health and Human Services		
Pass-Through Entity	N/A		
Compliance Requirement	Matching		
Repeat Finding from Prior Audit?	No	Finding Number (if repeat)	N/A

**FINDING NUMBER 2017-002
(Continued)**

45 C.F.R. § 75.306(b) states that for all Federal awards, any shared costs or matching funds and all contributions, including cash and third party in-kind contributions, must be accepted as part of the non-Federal entity's cost sharing or matching when such contributions meet all of the following criteria:

- (1) Are verifiable from the non-Federal entity's records;
- (2) Are not included as contributions for any other Federal award;
- (3) Are necessary and reasonable for accomplishment of project or program objectives;
- (4) Are allowable under Subpart E— Cost Principles of this part;
- (5) Are not paid by the Federal Government under another Federal award, except where the Federal statute authorizing a program specifically provides that Federal funds made available for such program can be applied to matching or cost sharing requirements of other Federal programs;
- (6) Are provided for in the approved budget when required by the Federal awarding agency; and
- (7) Conform to other provisions of this part, as applicable.

During fiscal year 2017, hourly rates, travel rates, and timesheets did not agree to the In-Kind Forms that were used to submit amounts for matching purposes. The net effect of the three months examined was an understatement of \$2,482 for In-Kind contributions. Due to the lack of review of the information, incorrect information was used to calculate in-kind contributions.

Failure to provide proper and accurate support could lead to not meeting the in-kind contribution requirement, the potential of having to pay the federal dollars back to the grantor agency, and potential federal questioned costs in future audits.

The School District should establish and implement procedures to verify that the correct information and supporting documentation is maintained for In-Kind Contributions to ensure that matching requirements are met.

Official's Response:

The Head Start Director and Family Engagement Services Manager will evaluate, develop, and implement policy and procedure regarding the collection and documentation of non-federal share. The administrative team will provide training and education to all staff impacted by the collection and documentation of non-federal share.

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Celina City Schools



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 Celina, OH 45822
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 www.celinaschools.org

KENNETH SCHMIESING, Superintendent
TOM SOMMER, Treasurer
JASON LUEBKE, Curriculum Dir.
TRACEY DAMMEYER, Special Education Dir.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
 2 CFR 200.511(b)
 June 30, 2017

Finding Number	Finding Summary	Status	Additional Information
2016-001	Ohio Rev. Code § 117.38 and Ohio Admin. Code § 117-2-03(B) - Failure to file GAAP financial statements	Not Corrected and Repeated as Finding 2017-001	The District believes that the filing of OCBOA financial statements is adequate and the cost effectiveness outweighs the filing of GAAP financial statements

Celina City Schools serves the evolving educational needs of the individual in partnership with the community.

Celina City Schools



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KENNETH SCHMIESING, Superintendent
TOM SOMMER, Treasurer
JASON LUEBKE, Curriculum Dir.
TRACEY DAMMEYER, Special Education Dir.

CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
JUNE 30, 2017

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2017-001	No Corrective Action Plan - The District believes that the filing of OCBOA financial statements is adequate and the cost effectiveness outweighs the filing of GAAP financial statements.	N/A	Thomas S. Sommer, Treasurer/CFO
2017-002	The Head Start Director and Family Engagement Services Manager will evaluate, develop, and implement policy and procedure regarding the collection and documentation of non-federal share. The administrative team will provide training and education to all staff impacted by the collection and documentation of non-federal share.	September 1, 2018	Amy Esser, Head Start Director

Celina City Schools serves the evolving educational needs of the individual in partnership with the community.



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
JUNE 26, 2018**