



**Auditor of State  
Betty Montgomery**



**CELINA CITY SCHOOL DISTRICT  
MERCER COUNTY**

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

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

To the Board of Education:

We have audited the accompanying general-purpose financial statements of the Celina City School District, Mercer County (the School District), as of and for the year ended June 30, 2002, as listed in the table of contents. These general-purpose financial statements are the responsibility of the School District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the School District as of June 30, 2002, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3, during the year ended June 30, 2002, the School District changed the capital asset capitalization threshold.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2003, 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

January 27, 2003

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**CELINA CITY SCHOOL DISTRICT  
MERCER COUNTY**

**COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS  
JUNE 30, 2002**

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<b>Assets and Other Debits:</b>				
<b>Assets:</b>				
Equity in Pooled Cash and Cash Equivalents	\$5,706,128	\$614,464	\$390,834	\$689,381
Receivables:				
Property Taxes	8,222,690		1,182,767	
Income Taxes	712,118			
Payment in Lieu of Taxes				79,185
Accounts	5,574	192		
Intergovernmental	860	700,090	124	7,674
Interfund	242,208			
Accrued Interest	5,188	16	204	49
Due from Other Funds	12,589			
Prepaid Items	221,790	20,969		
Inventory Held for Resale				
Materials and Supplies Inventory				
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	68,449			
Cash and Cash Equivalents with Escrow Agent				1,282
Fixed Assets (net, where applicable, of accumulated depreciation)				
<b>Other Debits:</b>				
Amount Available in Debt Service Fund for Retirement of General Obligation Debt				
Amount to be Provided from General Governmental Resources				
Total Assets and Other Debits	<u>15,197,594</u>	<u>1,335,731</u>	<u>1,573,929</u>	<u>777,571</u>
<b>Liabilities, Fund Equity, and Other Credits:</b>				
<b>Liabilities:</b>				
Accounts Payable	264,235	29,893		517
Accrued Wages and Benefits	2,079,763	181,889		
Compensated Absences Payable	12,633	315		
Intergovernmental Payable	394,975	34,252		
Interfund Payable		225,908		10,000
Due to Other Funds		12,747		
Deferred Revenue	8,304,663	518,070	1,182,767	27,169
Due to Students				
Payroll Withholdings				
Liabilities Payable from Restricted Assets:				
Retainage Payable				1,282
Energy Conservation Bonds Payable				
Asbestos Removal Loan Payable				
General Obligation Bonds Payable				
Total Liabilities	<u>11,056,269</u>	<u>1,003,074</u>	<u>1,182,767</u>	<u>38,968</u>
<b>Fund Equity and Other Credits:</b>				
Investment in General Fixed Assets				
Retained Earnings (Deficit)				
Contributed Capital				
Fund Balance:				
Reserved for Encumbrances	821,328	173,364		129,570
Reserved for Bus Purchases	4,141			
Reserved for Capital Improvements	64,308			
Designation for Textbooks	190,634			
Designation for Capital Improvements	399,726			
Unreserved	2,661,188	159,293	391,162	609,033
Total Fund Equity (Deficit) and Other Credits	<u>4,141,325</u>	<u>332,657</u>	<u>391,162</u>	<u>738,603</u>
Total Liabilities, Fund Equity, and Other Credits	<u>\$15,197,594</u>	<u>\$1,335,731</u>	<u>\$1,573,929</u>	<u>\$777,571</u>

See Accompanying Notes to the General Purpose Financial Statements.



Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
\$314,148	\$764,490	\$474,355			\$8,953,800
					9,405,457
					712,118
					79,185
1,201					6,967
	494	443			709,685
					242,208
66	584	106			6,213
2,533		6,875			21,997
10,307		2,134			255,200
217,565					217,565
5,050					5,050
					68,449
					1,282
137,126			34,223,667		34,360,793
				391,162	391,162
				16,396,913	16,396,913
<u>687,996</u>	<u>765,568</u>	<u>483,913</u>	<u>34,223,667</u>	<u>16,788,075</u>	<u>71,834,044</u>
1,259		3,393			299,297
63,448		5,114			2,330,214
235	1,743,805			83,884	1,840,872
56,438	41,060	219,178		165,763	911,666
		6,300			242,208
		9,250			21,997
					10,032,669
		80,641			80,641
		40,919			40,919
					1,282
				440,000	440,000
				285,320	285,320
				15,813,108	15,813,108
<u>121,380</u>	<u>1,784,865</u>	<u>364,795</u>		<u>16,788,075</u>	<u>32,340,193</u>
			34,223,667		34,223,667
354,407	(1,019,297)				(664,890)
212,209					212,209
		17,396			1,141,658
					4,141
					64,308
					190,634
					399,726
					3,922,398
<u>566,616</u>	<u>(1,019,297)</u>	<u>119,118</u>	<u>34,223,667</u>		<u>39,493,851</u>
<u>\$687,996</u>	<u>\$765,568</u>	<u>\$483,913</u>	<u>\$34,223,667</u>	<u>\$16,788,075</u>	<u>\$71,834,044</u>

CELINA CITY SCHOOL DISTRICT  
MERCER COUNTY

**COMBINED STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

	Governmental Fund Types				Fiduciary	Totals
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	(Memorandum Only)
<b>Revenues:</b>						
Property Taxes	\$7,880,618		\$1,140,031			\$9,020,649
Income Taxes	1,841,336		179,100			2,020,436
Payment in Lieu of Taxes				66,078		66,078
Intergovernmental	11,285,077	2,263,800	142,576	101,486		13,792,939
Interest	217,970	703	14,708	17,519	\$2,806	253,706
Tuition and Fees	1,252,279					1,252,279
Extracurricular Activities		403,600				403,600
Gifts and Donations		2,358		14,825	9,721	26,904
Miscellaneous	128,684	186,395	2,503	1,500		319,082
Total Revenues	<u>22,605,964</u>	<u>2,856,856</u>	<u>1,478,918</u>	<u>201,408</u>	<u>12,527</u>	<u>27,155,673</u>
<b>Expenditures:</b>						
Current:						
Instruction:						
Regular	11,091,793	538,134		110,808		11,740,735
Special	1,924,762	628,548				2,553,310
Vocational	1,185,720	78,777				1,264,497
Adult/Continuing		55,034				55,034
Other	178,718	36,880				215,598
Support Services:						
Pupils	1,352,632	395,383				1,748,015
Instructional Staff	565,340	258,648		1,354		825,342
Board of Education	74,014					74,014
Administration	1,737,210	181,145				1,918,355
Fiscal	505,302		26,990	2,504		534,796
Business	89,174	7,716				96,890
Operation and Maintenance of Plant	2,110,167	18,912		24,329		2,153,408
Pupil Transportation	883,297	195,900				1,079,197
Central	175	15,935				16,110
Non-Instructional Services	7,490	199,790			21,990	229,270
Extracurricular Activities	482,807	205,820				688,627
Capital Outlay	3,452			539,486		542,938
Intergovernmental		27,073				27,073
Debt Service:						
Principal Retirement			628,896			628,896
Interest and Fiscal Charges			829,885			829,885
Total Expenditures	<u>22,192,053</u>	<u>2,843,695</u>	<u>1,485,771</u>	<u>678,481</u>	<u>21,990</u>	<u>27,221,990</u>
Excess of Revenues Over (Under) Expenditures	<u>413,911</u>	<u>13,161</u>	<u>(6,853)</u>	<u>(477,073)</u>	<u>(9,463)</u>	<u>(66,317)</u>
<b>Other Financing Sources (Uses):</b>						
Operating Transfers In		169,124				169,124
Operating Transfers Out	(162,124)					(162,124)
Total Other Financing Sources (Uses)	<u>(162,124)</u>	<u>169,124</u>				<u>7,000</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>251,787</u>	<u>182,285</u>	<u>(6,853)</u>	<u>(477,073)</u>	<u>(9,463)</u>	<u>(59,317)</u>
Fund Balances at Beginning of Year	<u>3,889,538</u>	<u>150,372</u>	<u>398,015</u>	<u>1,215,676</u>	<u>128,581</u>	<u>5,782,182</u>
Fund Balances at End of Year	<u>\$4,141,325</u>	<u>\$332,657</u>	<u>\$391,162</u>	<u>\$738,603</u>	<u>\$119,118</u>	<u>\$5,722,865</u>

See Accompanying Notes to the General Purpose Financial Statements.

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CELINA CITY SCHOOL DISTRICT  
MERCER COUNTY

**COMBINED STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL  
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>						
Property Taxes	\$7,767,125	\$7,880,618	\$113,493			
Income Taxes	1,945,500	1,945,341	(159)			
Payment in Lieu of Taxes						
Intergovernmental	11,327,582	11,284,240	(43,342)	2,256,032	2,214,256	(41,776)
Interest	225,310	224,724	(586)	717	687	(30)
Tuition and Fees	1,274,171	1,251,736	(22,435)			
Extracurricular Activities				411,000	403,600	(7,400)
Gifts and Donations				2,700	2,358	(342)
Miscellaneous	59,404	63,463	4,059	131,679	126,625	(5,054)
Total Revenues	<u>22,599,092</u>	<u>22,650,122</u>	<u>51,030</u>	<u>2,802,128</u>	<u>2,747,526</u>	<u>(54,602)</u>
<b>Expenditures:</b>						
Current:						
Instruction:						
Regular	12,052,686	11,395,878	656,808	711,765	524,248	187,517
Special	2,245,053	1,963,177	281,876	697,859	679,260	18,599
Vocational	1,490,797	1,238,409	252,388	101,474	97,227	4,247
Adult/Continuing				73,685	68,441	5,244
Other	298,606	214,865	83,741	56,980	40,052	16,928
Support Services:						
Pupils	1,514,494	1,380,517	133,977	420,807	409,948	10,859
Instructional Staff	659,870	589,841	70,029	292,996	266,228	26,768
Board of Education	135,788	97,475	38,313			
Administration	1,884,521	1,761,128	123,393	194,576	185,478	9,098
Fiscal	591,416	522,696	68,720	2,500	2,000	500
Business	107,473	88,416	19,057	14,197	9,079	5,118
Operation and Maintenance of Plant	2,964,980	2,366,094	598,886	27,203	21,806	5,397
Pupil Transportation	1,200,784	955,399	245,385	265,043	250,492	14,551
Central	5,400	1,175	4,225	23,006	20,784	2,222
Non-Instructional Services	10,000	7,490	2,510	243,665	208,127	35,538
Extracurricular Activities	498,123	482,769	15,354	261,483	238,685	22,798
Capital Outlay	8,382	4,531	3,851			
Intergovernmental				19,094	19,094	
Debt Service:						
Principal Retirement						
Interest and Fiscal Charges						
Total Expenditures	<u>25,668,373</u>	<u>23,069,860</u>	<u>2,598,513</u>	<u>3,406,333</u>	<u>3,040,949</u>	<u>365,384</u>
Excess of Revenues						
Under Expenditures	<u>(3,069,281)</u>	<u>(419,738)</u>	<u>2,649,543</u>	<u>(604,205)</u>	<u>(293,423)</u>	<u>310,782</u>
<b>Other Financing Sources (Uses):</b>						
Sale of Fixed Assets	150		(150)			
Refund of Prior Year Expenditures	56,500	56,235	(265)	4,931	4,644	(287)
Refund of Prior Year Receipts	(500)	(296)	204	(8,078)	(7,988)	90
Other Financing Sources				55,862	55,917	55
Advances In	222,500	217,409	(5,091)	227,603	225,908	(1,695)
Advances Out	(549,500)	(237,108)	312,392	(175,909)	(175,909)	
Operating Transfers In				169,124	169,124	
Operating Transfers Out	(200,000)	(162,124)	37,876			
Total Other Financing Sources (Uses)	<u>(470,850)</u>	<u>(125,884)</u>	<u>344,966</u>	<u>273,533</u>	<u>271,696</u>	<u>(1,837)</u>
Excess of Revenues and Other						
Financing Sources Under						
Expenditures and Other Financing Uses	<u>(3,540,131)</u>	<u>(545,622)</u>	<u>2,994,509</u>	<u>(330,672)</u>	<u>(21,727)</u>	<u>308,945</u>
Fund Balances at Beginning of Year	3,850,529	3,850,529		262,008	262,008	
Prior Year Encumbrances Appropriated	1,333,372	1,333,372		157,707	157,707	
Fund Balances at End of Year	<u>\$1,643,770</u>	<u>\$4,638,279</u>	<u>\$2,994,509</u>	<u>\$89,043</u>	<u>\$397,988</u>	<u>\$308,945</u>

See Accompanying Notes to the General Purpose Financial Statements.

Debt Service Fund			Capital Projects Funds			Expendable Trust Fund		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$1,122,595	\$1,140,031	\$17,436						
181,725	179,100	(2,625)	123,780	123,776	(4)			
			63,680	56,388	(7,292)			
147,475	142,452	(5,023)	133,000	132,986	(14)			
15,200	14,504	(696)	18,715	18,775	60	3,850	2,766	(1,084)
			14,825	14,825		11,900	9,721	(2,179)
<u>1,466,995</u>	<u>1,476,087</u>	<u>9,092</u>	<u>354,000</u>	<u>346,750</u>	<u>(7,250)</u>	<u>15,750</u>	<u>12,487</u>	<u>(3,263)</u>
			257,240	209,613	47,627			
			11,366	11,366				
			8,941	3,004	5,937			
35,000	26,990	8,010	99,112	4,492	94,620			
			325,729	100,179	225,550			
			1,400	1,331	69			
			73,209	73,209		52,320	39,387	12,933
			830,500	498,516	331,984			
630,000	628,896	1,104						
830,000	829,885	115						
<u>1,495,000</u>	<u>1,485,771</u>	<u>9,229</u>	<u>1,607,497</u>	<u>901,710</u>	<u>705,787</u>	<u>52,320</u>	<u>39,387</u>	<u>12,933</u>
(28,005)	(9,684)	18,321	(1,253,497)	(554,960)	698,537	(36,570)	(26,900)	9,670
2,500	2,503	3	150,000		(150,000)			
			(6,134)	(3,907)	2,227			
			10,000	10,000		1,200	1,200	
			(41,500)	(41,500)				
<u>2,500</u>	<u>2,503</u>	<u>3</u>	<u>112,366</u>	<u>(35,407)</u>	<u>(147,773)</u>	<u>1,200</u>	<u>1,200</u>	
(25,505)	(7,181)	18,324	(1,141,131)	(590,367)	550,764	(35,370)	(25,700)	9,670
398,015	398,015		376,656	376,656		101,261	101,261	
			771,505	771,505		27,320	27,320	
<u>\$372,510</u>	<u>\$390,834</u>	<u>\$18,324</u>	<u>\$7,030</u>	<u>\$557,794</u>	<u>\$550,764</u>	<u>\$93,211</u>	<u>\$102,881</u>	<u>\$9,670</u>

**CELINA CITY SCHOOL DISTRICT  
MERCER COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND EQUITY  
ALL PROPRIETARY FUND TYPES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

	<u>Enterprise</u>	<u>Internal Service</u>	<u>Totals (Memorandum Only)</u>
<b>Operating Revenues:</b>			
Tuition	\$60,812		\$60,812
Sales	870,384		870,384
Charges for Services	31,057	287,138	318,195
Other Operating Revenues	11,372	1,827	13,199
Total Operating Revenues	<u>973,625</u>	<u>288,965</u>	<u>1,262,590</u>
<b>Operating Expenses:</b>			
Salaries	462,847	174,258	637,105
Fringe Benefits	244,045	58,784	302,829
Purchased Services	83,149		83,149
Materials and Supplies	206,421		206,421
Cost of Sales	440,154		440,154
Depreciation	8,130		8,130
Other Operating Expenses	3,639	9,659	13,298
Total Operating Expenses	<u>1,448,385</u>	<u>242,701</u>	<u>1,691,086</u>
Operating Income (Loss)	<u>(474,760)</u>	<u>46,264</u>	<u>(428,496)</u>
<b>Non-Operating Revenues:</b>			
Federal Donated Commodities	129,919		129,919
Operating Grants	322,553		322,553
Interest	3,885	16,821	20,706
Total Non-Operating Revenues	<u>456,357</u>	<u>16,821</u>	<u>473,178</u>
Income (Loss) Before Operating Transfers	(18,403)	63,085	44,682
Operating Transfers Out	<u>(7,000)</u>		<u>(7,000)</u>
Net Income (Loss)	(25,403)	63,085	37,682
Depreciation on Fixed Assets Acquired by Contributed Capital	740		740
Retained Earning (Deficit) at Beginning of Year - Restated (Note 3)	<u>379,070</u>	<u>(1,082,382)</u>	<u>(703,312)</u>
Retained Earnings (Deficit) at End of Year	<u>354,407</u>	<u>(1,019,297)</u>	<u>(664,890)</u>
Contributed Capital at Beginning of Year - Restated (Note 3)	212,949		212,949
Depreciation on Fixed Assets Acquired by Contributed Capital	(740)		(740)
Contributed Capital at End of Year	<u>212,209</u>		<u>212,209</u>
Fund Equity (Deficit) at End of Year	<u>\$566,616</u>	<u>(\$1,019,297)</u>	<u>(\$452,681)</u>

*See Accompanying Notes to the General Purpose Financial Statements.*

**CELINA CITY SCHOOL DISTRICT  
MERCER COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL  
ALL PROPRIETARY FUND TYPES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

	<u>Enterprise Funds</u>			<u>Internal Service Funds</u>		
	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues:</b>						
Tuition	\$66,100	\$60,812	(\$5,288)			
Sales	882,225	873,009	(9,216)			
Charges for Services	32,500	31,057	(1,443)	289,207	287,138	(2,069)
Operating Grants	323,775	322,553	(1,222)			
Interest	4,000	3,819	(181)	20,168	16,237	(3,931)
Other Revenues	8,900	8,839	(61)	3,675	3,665	(10)
Total Revenues	<u>1,317,500</u>	<u>1,300,089</u>	<u>(17,411)</u>	<u>313,050</u>	<u>307,040</u>	<u>(6,010)</u>
<b>Expenses:</b>						
Salaries	477,000	459,665	17,335	300,000	72,489	227,511
Fringe Benefits	263,257	243,809	19,448	307,000	68,782	238,218
Purchased Services	126,020	100,822	25,198			
Materials and Supplies	475,391	367,752	107,639			
Capital Outlay	224,700	202,757	21,943			
Other Expenses	4,800	3,552	1,248	10,592	9,659	933
Total Expenses	<u>1,571,168</u>	<u>1,378,357</u>	<u>192,811</u>	<u>617,592</u>	<u>150,930</u>	<u>466,662</u>
Excess of Revenues Over (Under) Expenses	(253,668)	(78,268)	175,400	(304,542)	156,110	460,652
Operating Transfers Out	<u>(7,000)</u>	<u>(7,000)</u>				
Excess of Revenues Over (Under) Expenses and Transfers	(260,668)	(85,268)	175,400	(304,542)	156,110	460,652
Fund Balances at Beginning of Year	342,893	342,893		521,788	521,788	
Prior Year Encumbrances Appropriated	30,668	30,668		86,592	86,592	
Fund Balances at End of Year	<u>\$112,893</u>	<u>\$288,293</u>	<u>\$175,400</u>	<u>\$303,838</u>	<u>\$764,490</u>	<u>\$460,652</u>

See Accompanying Notes to the General Purpose Financial Statements.

**CELINA CITY SCHOOL DISTRICT  
MERCER COUNTY**

**COMBINED STATEMENT OF CASH FLOWS  
ALL PROPRIETARY FUND TYPES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

	Enterprise	Internal Service	Totals (Memorandum Only)
<b>Increase (Decrease) in Cash and Cash Equivalents</b>			
<b>Cash Flows from Operating Activities:</b>			
Cash Received from Tuition	\$60,812		\$60,812
Cash Received from Customers	904,066		904,066
Cash Received from Quasi-External Transactions		287,138	287,138
Cash Received from Other Revenues	8,839	3,665	12,504
Cash Payments for Salaries	(459,665)	(72,489)	(532,154)
Cash Payments for Fringe Benefits	(243,416)	(68,782)	(312,198)
Cash Payments for Goods and Services	(646,369)		(646,369)
Cash Payments for Other Expenses	(3,052)	(9,659)	(12,711)
Net Cash Provided by (Used for) Operating Activities	(378,785)	139,873	(238,912)
<b>Cash Flows from Noncapital Financing Activities:</b>			
Cash Received from Operating Grants	322,553		322,553
Cash Payments for Transfers Out	(7,000)		(7,000)
Net Cash Provided by Noncapital Financing Activities	315,553		315,553
<b>Cash Flows from Investing Activities:</b>			
Cash Received from Interest	3,819	16,237	20,056
Net Increase (Decrease) in Cash and Cash Equivalents	(59,413)	156,110	96,697
Cash and Cash Equivalents at Beginning of Year	373,561	608,380	981,941
Cash and Cash Equivalents at End of Year	314,148	764,490	1,078,638
<b>Reconciliation of Operating Income (Loss) to</b>			
<b>Net Cash Provided by (Used for) Operating Activities:</b>			
Operating Income (Loss)	(474,760)	46,264	(428,496)
<b>Adjustments to Reconcile Operating Income (Loss) to</b>			
<b>Net Cash Provided by (Used for) Operating Activities:</b>			
Depreciation	8,130		8,130
Donated Commodities Received During Year	129,919		129,919
Changes in Assets and Liabilities:			
Decrease in Accounts Receivable	1,424		1,424
Decrease in Intergovernmental Receivable		1,838	1,838
Increase in Due from Other Funds	(2,134)		(2,134)
Increase in Prepaid Items	(1,734)		(1,734)
Increase in Inventory Held for Resale	(27,796)		(27,796)
Decrease in Materials and Supplies Inventory	1,397		1,397
Decrease in Accounts Payable	(19,534)		(19,534)
Increase in Accrued Wages and Benefits	8,543		8,543
Increase (Decrease) in Compensated Absences Payable	(538)	101,769	101,231
Decrease in Intergovernmental Payable	(1,702)	(9,998)	(11,700)
Net Cash Provided by (Used for) Operating Activities	(\$378,785)	\$139,873	(\$238,912)

**Noncash Transactions:**

The Food Service enterprise fund received \$129,919 in donated commodities in fiscal year 2002.

*See Accompanying Notes to the General Purpose Financial Statements.*



**CELINA CITY SCHOOL DISTRICT  
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

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

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

The School District is the 142nd largest in the State of Ohio (among 613 school districts) in terms of enrollment. The School District is located in Mercer County, and includes all of the City of Celina and portions of Butler, Center, Franklin, Hopewell, Jefferson, Liberty, and Washington Townships. The School District is staffed by one hundred seventy classified employees, two hundred twenty-five certified teaching personnel, and twenty-four administrative employees who provide services to 3,108 students and other community members. The School District currently operates six instructional buildings and a bus garage.

**A. Reporting Entity:**

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

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes.

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

The School District participates in five jointly governed organizations and two insurance pools. These organizations are the Mercer County Local Professional Development Committee, the West Central Ohio Special Education Regional Resource Center, the West Central Ohio Regional Professional Development Center, the Northwestern Ohio Educational Research Council, Inc., the Northwest Ohio Area Computer Services Cooperative, the NOACSC Workers' Compensation Group Rating Plan, and the Mercer Auglaize Schools Employee Benefit Trust. These organizations are presented in Notes 21 and 22 to the general purpose financial statements.

**CELINA CITY SCHOOL DISTRICT  
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Basis of Presentation - Fund Accounting**

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

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

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

**1. Governmental Fund Types:**

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

**General Fund**

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

**Special Revenue Funds**

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

**CELINA CITY SCHOOL DISTRICT  
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

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

**Debt Service Fund**

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

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

**2. Proprietary Fund Types:**

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

**Enterprise Funds**

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

**Internal Service Funds**

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

**3. Fiduciary Fund Types:**

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

**4. Account Groups:**

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

**General Fixed Assets Account Group**

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

**CELINA CITY SCHOOL DISTRICT  
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

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

**General Long-Term Obligations Account Group**

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

**B. Measurement Focus and Basis of Accounting**

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

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

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

The modified accrual basis of accounting is followed for the governmental fund types, expendable trust and agency funds. The full accrual basis of accounting is followed for the proprietary fund types.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days of fiscal year end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from income taxes is recognized in the fiscal year in which the income is earned. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

**CELINA CITY SCHOOL DISTRICT  
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

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

Under the modified accrual basis, the following revenue sources are considered both measurable and available at fiscal year end: property taxes available as an advance, income taxes, payment in lieu of taxes, grants, interest, tuition, and student fees.

Deferred revenues arise when assets are recognized before revenue recognition criteria has been satisfied. Property taxes for which there was an enforceable legal claim as of June 30, 2002, but which were levied to finance fiscal year 2003 operations, are recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue. On the modified accrual basis, revenues that are not collected within the available period are recorded as deferred revenue.

On the accrual basis, expenses are recognized at the time they are incurred.

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

**C. Budgetary Process**

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

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

**1. Tax Budget:**

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

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

**CELINA CITY SCHOOL DISTRICT  
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

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

**2. Estimated Resources:**

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

**3. Appropriations:**

Upon receipt from the County Auditor of an amended certificate of estimated resources, based on final assessed values and tax rates, or a certificate saying no new certificate is necessary, the annual appropriation resolution is legally enacted by the Board of Education. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The total of expenditures and encumbrances may not exceed the appropriation totals at any legal level of control.

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

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

**4. Encumbrances:**

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

**5. Lapsing of Appropriations:**

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

**CELINA CITY SCHOOL DISTRICT  
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

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

**D. Cash and Investments**

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

The School District maintains separate accounts for the accumulated retainage on contracts for construction and renovation of the School District's buildings. The amount held within these accounts is reflected on the combined balance sheet as "Cash and Cash Equivalents with Escrow Agent".

During fiscal year 2002, investments were limited to repurchase agreements and non-negotiable certificates of deposit, which are reported at cost.

The School District allocates interest according to State statutes and Board resolution. Interest revenue credited to the general fund during fiscal year 2002 was \$217,970, which included \$31,017 assigned from other School District funds.

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

**E. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2002, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed.

**F. Inventory**

Inventory in the proprietary funds is stated at the lower of cost or market on a first-in, first-out basis and is expensed when used. Inventory in the proprietary funds consists of purchased food.

**G. Restricted Assets**

Restricted assets in the General Fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets represent amounts required by State statute to be set aside for the acquisition and construction of capital improvements. Restricted assets also include unexpended revenues restricted for bus purchases.

Restricted assets in the capital projects funds represent escrow accounts established for the payment of retainage on construction projects upon completion.

**CELINA CITY SCHOOL DISTRICT  
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

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

**H. Fixed Assets and Depreciation**

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

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

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

**I. Interfund Assets/Liabilities**

Short-term interfund loans are classified as "Interfund Receivables/Payables". Receivables and payables resulting from transactions between funds for services provided or goods received are classified as "Due from/to Other Funds" on the combined balance sheet.

**J. Compensated Absences**

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

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

The School District has created an internal service fund to account for the payment of all sick leave upon termination. The fund charged 2 percent of gross payroll from July 1, 2001, through June 30, 2002. Sick leave benefits are accrued as a liability in the internal service fund using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy. The School District records a liability for accumulated unused sick leave for any employee with ten years of service with the School District and age fifty, or any employee with twenty or more years of service.



**CELINA CITY SCHOOL DISTRICT  
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

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

**K. Accrued Liabilities and Long-Term Obligations**

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

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

**L. Contributed Capital**

Contributed capital represents resources from other funds, other governments, and private sources provided to the proprietary funds prior to fiscal year 2001 that is not subject to repayment. These assets are recorded at their fair market value on the date donated. Depreciation on those assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings.

Capital contributions received from other governments and private sources subsequent to fiscal year 2000 are recorded as revenues and reported as retained earnings. Capital contributions received from other funds continue to be reported as contributed capital.

**M. Fund Balance Reserves and Designations**

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

The designation for textbooks and capital improvements represents revenues set aside that exceed statutorily required amounts.

**N. Interfund Transactions**

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

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

**CELINA CITY SCHOOL DISTRICT  
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

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

**O. Use of Estimates**

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

**P. Total Columns on General Purpose Financial Statements**

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

**3. CORRECTION OF AN ERROR/CHANGE IN ACCOUNTING PRINCIPLE**

During fiscal year 2002, the School District recognized donated commodities as revenue when used, instead of when received.

For fiscal year 2002, the School District has increased the threshold amount for capitalizing fixed assets. The threshold amount was increased from \$500 to \$5,000.

Fixed assets and accumulated depreciation in the enterprise funds decreased due to the change in the threshold amount for capitalizing fixed assets. Fixed assets decreased \$340,633, from \$569,264 to \$228,631, and accumulated depreciation decreased \$157,154, from \$240,529 to \$83,375.

As a result of the above changes, retained earnings as previously reported as of June 30, 2001, decreased \$113,960, from \$493,030 to \$379,070. Contributed capital decreased \$45,606, from \$258,555 to \$212,949.

The fixed assets reported in the general fixed assets account group decreased \$2,712,260, from \$36,194,754 to \$33,482,494.

**4. ACCOUNTABILITY AND COMPLIANCE**

**A. Accountability**

At June 30, 2002, the public school preschool special revenue fund had a deficit fund balance of \$4,661. The general fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

At June 30, 2002, the severance internal service fund had deficit retained earnings of \$1,062,554. The deficit is the result of accumulated operating losses. The fund accumulates revenues for the payment of termination benefits based on an estimate of the current and future payouts. Annually, the School District evaluates the rate charged to other funds to determine if additional funding is needed to eliminate the deficit.

**CELINA CITY SCHOOL DISTRICT  
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

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

**B. Compliance**

The following account had expenditures plus outstanding encumbrances in excess of appropriations for the fiscal year ended June 30, 2002.

<u>Fund Type/Fund/Object</u>	<u>Appropriations</u>	<u>Expenditures Plus Encumbrances</u>	<u>Excess</u>
Special Revenue Fund			
Class Size Reduction			
Fringe Benefits	\$22,472	\$25,061	\$2,589

**5. BUDGETARY BASIS OF ACCOUNTING**

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

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

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

**CELINA CITY SCHOOL DISTRICT  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

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

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

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>
GAAP Basis	\$251,787	\$182,285	(\$6,853)	(\$477,073)	(\$9,463)
Adjustments:					
Revenue Accruals					
Fiscal Year 2001	758,454	130,983		206,605	
Fiscal Year 2002	(649,095)	(179,752)	(328)	(59,739)	(40)
Expenditure Accruals					
Fiscal Year 2001	(2,454,409)	(237,839)		(97,775)	
Fiscal Year 2002	2,745,944	256,620		517	1,103
Prepaid Items	(42,306)	(7,547)		185	
Cash on Hand at End of Fiscal Year	(8,966)	0		(1,500)	
Advances In	217,409	225,908		10,000	1,200
Advances Out	(237,108)	(175,909)		(41,500)	
Encumbrances Outstanding at Fiscal Year End (Budget Basis)	<u>(1,127,332)</u>	<u>(216,476)</u>		<u>(130,087)</u>	<u>(18,500)</u>
Budget Basis	<u>(\$545,622)</u>	<u>(\$21,727)</u>	<u>(\$7,181)</u>	<u>(\$590,367)</u>	<u>(\$25,700)</u>

**Net Income (Loss)/Excess of Revenues Over  
(Under) Expenses and Transfers  
All Proprietary Fund Types**

	<u>Enterprise</u>	<u>Internal Service</u>
GAAP Basis	(\$25,403)	\$63,085
Adjustments:		
Revenue Accruals		
Fiscal Year 2001	2,625	2,332
Fiscal Year 2002	(2,599)	(1,078)
Expense Accruals		
Fiscal Year 2001	(134,212)	(1,693,094)
Fiscal Year 2002	120,179	1,784,865
Prepaid Items	(1,734)	
Inventory Held for Resale	(27,796)	
Materials and Supplies Inventory	1,397	
Depreciation	8,130	
Encumbrances Outstanding at Fiscal Year End (Budget Basis)	<u>(25,855)</u>	
Budget Basis	<u>(\$85,268)</u>	<u>\$156,110</u>

**CELINA CITY SCHOOL DISTRICT  
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

**6. DEPOSITS AND INVESTMENTS**

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

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

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

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

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

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

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

**CELINA CITY SCHOOL DISTRICT  
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

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

7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 25 percent of the interim monies available for investment at any one time; and
8. Under limited circumstances, corporate debt interests rated in either of the two highest rated classifications by at least two nationally recognized rating agencies.

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

At fiscal year end, the School District had \$11,101 in undeposited cash on hand which is included on the combined balance sheet of the School District as part of "Equity in Pooled Cash and Cash Equivalents".

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

At fiscal year end, the carrying amount of the School District's deposits was \$7,741,869 and the bank balance was \$8,491,695. Of the bank balance \$207,746 was covered by federal depository insurance. The remaining amount was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

The School District's investments are categorized to give an indication of the level of risk assumed by the School District at fiscal year end. Category 1 includes investments that are insured or registered for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the School District's name. The School District's only investment was in repurchase agreements. At June 30, 2002, these investments were classified as a Category 3 investment with a carrying value of \$1,270,561 and a fair value of \$1,270,612.

The classification of cash and cash equivalents and investments on the combined balance sheet is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting". A reconciliation between the classification of cash and cash equivalents and investments on the combined balance sheet and the classification of deposits and investments according to GASB Statement No. 3 is as follows:

**CELINA CITY SCHOOL DISTRICT  
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

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

	<b>Cash and Cash Equivalents/Deposits</b>	<b>Investments</b>
GASB Statement No. 9	\$9,023,531	\$0
Cash on Hand	(11,101)	0
Repurchase Agreements	(1,270,561)	1,270,561
GASB Statement No. 3	\$7,741,869	\$1,270,561

**7. PROPERTY TAXES**

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

Property taxes include amounts levied against all real property, public utility property, and tangible personal (used in business) property located in the School District. Real and public utility property tax revenues received in calendar year 2002 represent the collection of calendar year 2001 taxes. Real property taxes received in calendar year 2002 were levied after April 1, 2001, on the assessed values as of January 1, 2001, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility real and tangible personal property taxes received in calendar year 2002 were levied after April 1, 2001, on the assessed values as of December 31, 2000, the lien date. Public utility real property is assessed at 35 percent of true value; tangible personal property is currently assessed at varying percentages of true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

Tangible personal property tax revenues received in calendar year 2002 (other than public utility property) represent the collection of calendar year 2002 taxes. Tangible personal property taxes received in calendar year 2002 were levied after April 1, 2001, on the value as of December 31, 2001. Tangible personal property is currently assessed at 25 percent of true value. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The School District receives property taxes from Mercer County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2002, are available to finance fiscal year 2002 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents real property, public utility property, and tangible personal property taxes which were measurable as of June 30, 2002, and for which there was an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations and is reflected as revenue at fiscal year end. The receivable is offset by a credit to deferred revenue for that portion not intended to finance current year operations. There were no amounts available as an advance at June 30, 2002, or June 30, 2001.

**CELINA CITY SCHOOL DISTRICT  
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

**7. PROPERTY TAXES (Continued)**

The assessed values upon which the fiscal year 2002 taxes were collected are:

	<b>2001 Second-Half Collections</b>		<b>2002 First-Half Collections</b>	
	<b>Amount</b>	<b>Percent</b>	<b>Amount</b>	<b>Percent</b>
Agricultural/Residential and Other Real Estate	\$272,641,660	86.35%	\$278,579,860	85.53%
Public Utility	12,232,170	3.88	13,183,570	4.05
Tangible Personal	30,857,656	9.77	33,944,834	10.42
Total Assessed Value	<u>\$315,731,486</u>	<u>100.00%</u>	<u>\$325,708,264</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$34.90		\$34.75	

**8. INCOME TAXES**

The School District levies a voted tax of 0.75 percent for general operations on the income of residents and of estates. The tax levy was effective January 1, 1998, and is for five years. During fiscal year 2002, the District received the final distribution for a 0.25 percent tax for permanent improvements which expired on December 31, 2000. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the general fund and the permanent improvement capital projects fund.

**9. PAYMENT IN LIEU OF TAXES**

As provided by State law, the School District has entered into agreements with a number of property owners in which the School District has granted property tax abatements to those property owners. The property owners have agreed to make payments to the School District which reflect all or a portion of the property taxes which the property owners would have paid if their taxes had not been abated. The property owners' contractual promises to make these payments in lieu of taxes generally continue until the agreement expires. Payments in lieu of taxes for fiscal year 2002 were \$66,078.

**10. RECEIVABLES**

Receivables at June 30, 2002, consisted of both property and income taxes, payments in lieu of taxes, accounts (rent, billings for user charged services, and student fees), intergovernmental, interfund, accrued interest, and charges to other funds for services provided. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

A summary of the principal items of intergovernmental receivables follows:



**CELINA CITY SCHOOL DISTRICT  
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

**10. RECEIVABLES (Continued)**

	<b>Amounts</b>
General Fund	
Homestead and Rollback	\$837
Marion Local School District	23
Total General Fund	860
Special Revenue Funds	
Post Secondary Vocational Education	8,487
Eisenhower	1,563
Vocational Education	40,162
Headstart	617,452
Title I	6,114
Title VI	13,180
Drug Free	4,342
Title VI R	8,790
Total Special Revenue Funds	700,090
Debt Service Fund	
Bond Retirement	
Rollback and Homestead	124
Capital Projects Fund	
Vocational Equipment	7,674
Internal Service Fund	
Workers' Compensation	494
Agency Fund	
Tri Star	443
Total Intergovernmental Receivables	\$709,685

**11. FIXED ASSETS**

A summary of the proprietary funds' fixed assets at June 30, 2002, follows:

Buildings and Improvements	\$9,189
Furniture and Equipment	219,442
Total Fixed Assets	228,631
Less Accumulated Depreciation	(91,505)
Net Fixed Assets	\$137,126

**CELINA CITY SCHOOL DISTRICT  
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

**11. FIXED ASSETS (Continued)**

A summary of the changes in general fixed assets during fiscal year 2002 follows:

<u>Asset Category</u>	<u>Balance at June 30, 2001</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 2002</u>
Land and Improvements	\$762,383	\$75,305		\$837,688
Buildings and Improvements	27,819,290	717,677	4,479	28,532,488
Furniture, Fixtures, and Equipment	2,703,682	198,604	59,494	2,842,792
Vehicles	2,056,000		35,301	2,020,699
Construction in Progress	141,139		141,139	
<b>Total</b>	<b>\$33,482,494</b>	<b>\$991,586</b>	<b>\$240,413</b>	<b>\$34,233,667</b>

**12. INTERFUND ASSETS/LIABILITIES**

As of June 30, 2002, receivables and payables that resulted from various interfund transactions were as follows:

	<u>Interfund</u>		<u>Due to/from Other Funds</u>	
	<u>Receivable</u>	<u>Payable</u>	<u>Receivable</u>	<u>Payable</u>
General Fund	\$242,208		\$12,589	
Special Revenue Funds				
Staff		500		
Public School Preschool				539
Post Secondary Vocational Education		18,500		
Ohio Reads		10,000		
Summer School Intervention		25,000		
Eisenhower		2,563		
Vocational Education		37,071		12,208
Head Start		100,000		
Title I		6,114		
Title VI		13,000		
Drug Free		4,342		
Title VI R		8,818		
<b>Total Special Revenue Funds</b>		<b>225,908</b>		<b>12,747</b>
Capital Projects Fund				
Disability Access		10,000		
Enterprise Fund				
Adult Education			2,533	
Expendable Trust Fund				
Scholarships		1,200		
Agency Funds				
Tri Star			6,875	9,250
Student Activities		5,100		
<b>Total Agency Funds</b>		<b>5,100</b>	<b>6,875</b>	<b>9,250</b>
<b>Total</b>	<b>\$242,208</b>	<b>\$242,208</b>	<b>\$21,997</b>	<b>\$21,997</b>

**CELINA CITY SCHOOL DISTRICT  
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

**13. RISK MANAGEMENT**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2002, the School District contracted for the following insurance coverage:

Coverage provided by Netherlands Insurance Company is as follows:

Building and Contents	\$70,003,568
Computer Equipment	100,000
Computer Software	10,000
Miscellaneous Equipment	65,000
School District Liability	
Per Occurrence	1,000,000
Per Aggregate	2,000,000

Coverage provided by Indiana Insurance Company is as follows:

Inland Marine	165,000
Commercial Umbrella Liability	2,000,000

Coverage provided by Mid-American Fire and Casualty Company is as follows:

Commercial Auto	
Liability	1,000,000
Uninsured Motorist	1,000,000

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

For fiscal year 2002, the School District participated in NOACSC Workers' Compensation Group Rating Plan (Plan), an insurance purchasing pool. The Plan is intended to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the Plan. The workers' compensation experience of the participating members is calculated as one experience and a common premium rate is applied to all members in the Plan. Each member pays its workers' compensation premiums to the State based on the rate for the Plan rather than its individual rate. Participation in the Plan is limited to members that can meet the Plan's selection criteria. The members apply for participation each year. The firm of Acordia Workers' Compensation Services provides administrative, cost control, and actuarial services to the Plan. Each year, the School District pays an enrollment fee to the Plan to cover the costs of administering the program.

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

**CELINA CITY SCHOOL DISTRICT  
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

**14. CONTRACTUAL COMMITMENTS**

As of June 30, 2002, the School District had contractual commitments as follows:

<b>Company</b>	<b>Project</b>	<b>Amount Remaining on Contract</b>
Cardinal Bus Sales	Bus Body	\$14,559
Buckeye Truck Center	Bus Chassis	38,580
Consolidated Hunter	Boiler Addition	21,493
Celina Glass Company	Windows	18,342

**15. DEFINED BENEFIT PENSION PLANS**

**A. State Teachers Retirement System**

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

Plan members are required to contribute 9.3 percent of their annual covered salary and the School District is required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations for fiscal year 2002. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contribution for pension obligations to STRS for the fiscal years ended June 30, 2002, 2001, and 2000, were \$1,100,423, \$1,020,234, and \$612,365, respectively; 83 percent has been contributed for fiscal year 2002 and 100 percent for fiscal years 2001 and 2000. The unpaid contribution for fiscal year 2002, in the amount of \$186,808, is recorded as a liability within the respective funds.

**B. School Employees Retirement System**

The School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan administered by the School Employees Retirement Board. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

**CELINA CITY SCHOOL DISTRICT  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

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

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute an actuarially determined rate. The current rate is 14 percent of annual covered payroll; 5.46 percent was the portion used to fund pension obligations for fiscal year 2002. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The School District's required contribution for pension obligations to SERS for the fiscal years ended June 30, 2002, 2001, and 2000, were \$190,618, \$135,237, and \$165,150, respectively; 51 percent has been contributed for fiscal year 2002 and 100 percent for fiscal years 2001 and 2000. The unpaid contribution for fiscal year 2002, in the amount of \$93,553, is recorded as a liability within the respective funds and the general long-term obligations account group.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the State Teachers Retirement System or the School Employees Retirement System have an option to choose Social Security or the State Teachers Retirement System/School Employees Retirement System. As of June 30, 2002, one member of the Board of Education has elected Social Security. The Board's liability is 6.2 percent of wages paid.

**16. POSTEMPLOYMENT BENEFITS**

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

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For fiscal year 2002, the Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount was \$521,253.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$3,256 million at June 30, 2001 (the latest information available). For the fiscal year ended June 30, 2001, net health care costs paid by STRS were \$300,772,000, and STRS had 102,132 eligible benefit recipients.

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

**CELINA CITY SCHOOL DISTRICT  
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

**16. POSTEMPLOYMENT BENEFITS (Continued)**

For the fiscal year ended June 30, 2002, employer contributions to fund health care benefits were 8.54 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2002, the minimum pay was established at \$12,400. For the School District, the amount to fund health care benefits, including the surcharge, was \$350,193 for fiscal year 2002.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2001 (the latest information available), was \$161,439,934 and the target level was \$242.2 million. At June 30, 2001, SERS had net assets available for payment of health care benefits of \$315.7 million. SERS has approximately 50,000 participants currently receiving health care benefits.

**17. OTHER EMPLOYEE BENEFITS**

**A. Compensated Absences**

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

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

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

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

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

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

**CELINA CITY SCHOOL DISTRICT  
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

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

**B. Health Care Benefits**

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

**C. Early Retirement Incentive**

The School District's Board of Education approved an early retirement incentive program for STRS employees. For STRS employees, the Board of Education will purchase, for all eligible employees who make application in accordance with the provision of the plan and the applicable regulations of the State Teachers Retirement System, one year of retirement service credit. Retirement must be completed no less than ninety days after the employee is notified of the purchase of additional service credit by the Board of Education. These expenses are reflected as fringe benefits within the severance internal service fund. There was no liability for the early retirement incentive at June 30, 2002.

**18. LONG-TERM OBLIGATIONS**

The changes in the School District's long-term obligations during fiscal year 2002 were as follows:

	<u>Interest Rate</u>	<u>Balance at June 30, 2001</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 2002</u>
<u>General Long-Term Obligations</u>					
General Obligation Bonds					
1996 School Improvement					
Serial Bonds	3.50 - 5.10%	\$2,105,000	\$0	\$475,000	\$1,630,000
Term Bonds	5.25 - 5.70	13,145,000	0	0	13,145,000
Capital Appreciation Bonds	14.875 - 16.40	407,923	0	0	407,923
Accretion on Capital					
Appreciation Bonds		485,094	145,091	0	630,185
Total		16,143,017	145,091	475,000	15,813,108
1995 Energy Conservation Bonds	4.8 - 6.95	550,000	0	110,000	440,000
1991 Asbestos Removal Loan	0	329,216	0	43,896	285,320
Total Long-Term Obligations		17,022,233	145,091	628,896	16,538,428
Compensated Absences Payable		74,639	9,245	0	83,884
Intergovernmental Payable		158,925	165,763	158,925	165,763
Total General Long-Term Obligations		<u>\$17,255,797</u>	<u>\$320,099</u>	<u>\$787,821</u>	<u>\$16,788,075</u>

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

**CELINA CITY SCHOOL DISTRICT  
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

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

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

<u>Year</u>	<u>Amount</u>
2008	\$650,000
2009	695,000
2010	745,000

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

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

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

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

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

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



**CELINA CITY SCHOOL DISTRICT  
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

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

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

The capital appreciation bonds will mature in fiscal years 2005 through 2007. The maturity amount of the bonds is \$1,735,000. For fiscal year 2002, \$145,091 was accreted for a total bond value of \$1,038,108.

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

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

Compensated absences and intergovernmental payables, representing the School District's contractually required pension contributions, will be paid from the fund from which the employees' salaries are paid.

The School District's overall debt margin was \$14,521,983 with an unvoted debt margin of \$325,708 at June 30, 2002.

Principal and interest requirements to retire general obligation debt outstanding at June 30, 2002, were as follows:

<b>Fiscal Year Ending</b>	<b>General Obligation Bonds</b>			
	<b>Serial</b>		<b>Term</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2003	\$500,000	\$67,010		\$714,397
2004	530,000	43,055		714,398
2005		30,600		714,397
2006		30,600		714,398
2007		30,600		714,397
2008-2012	600,000	15,300	2,895,000	3,278,765
2013-2017			5,075,000	2,121,240
2018-2019			5,175,000	549,544
<b>Totals</b>	<b>\$1,630,000</b>	<b>\$217,165</b>	<b>\$13,145,000</b>	<b>\$9,521,536</b>

**CELINA CITY SCHOOL DISTRICT  
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

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

<b>Fiscal Year Ending</b>	<b>General Obligation Bonds Capital Appreciation</b>		<b>Energy Conservation Bonds</b>		<b>Asbestos Removal Loan</b>
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>
2003			\$110,000	\$20,625	\$43,896
2004			110,000	14,850	43,895
2005	163,974	401,026	110,000	8,965	43,896
2006	133,365	446,635	110,000	2,998	43,895
2007	110,584	479,416			43,896
2008-2012					65,842
Totals	<u>\$407,923</u>	<u>\$1,327,077</u>	<u>\$440,000</u>	<u>47,438</u>	<u>\$285,320</u>

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

**19. SET ASIDE REQUIREMENTS**

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

The following cash basis information identifies the changes in the fund balance reserves for textbooks and capital improvements during fiscal year 2002.

	<b>Textbook</b>	<b>Capital Improvements</b>
Balance June 30, 2001	(\$20,456)	\$0
Current Year Set Aside Requirement	409,840	409,840
Current Year Offsets	0	(123,776)
Qualifying Expenditures	(393,474)	(221,756)
Set Aside Balance June 30, 2002	<u>(\$4,090)</u>	<u>\$64,308</u>
Set Aside Reserve Balance as of June 30, 2002	<u>\$0</u>	<u>\$64,308</u>
Set-Aside Designation Balance as of June 30, 2002	<u>\$190,634</u>	<u>\$399,726</u>

The School District had qualifying disbursements during the fiscal year that reduced the textbook set aside amount below zero. These extra amounts may be used to reduce the set aside requirements in future fiscal years. The total reserve balance for the set asides at the end of the fiscal year was \$64,308.

**CELINA CITY SCHOOL DISTRICT  
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

**20. SEGMENT INFORMATION FOR ENTERPRISE FUNDS**

The School District maintains four enterprise funds to account for the operations of food service, construction (the School District constructs homes for resale as part of their curriculum), adult education, and preschool/after school. The table below reflects the more significant financial data relating to the enterprise funds of the Celina City School District as of and for the fiscal year ended June 30, 2002.

	<b>Food Service</b>	<b>Construction</b>	<b>Adult Education</b>	<b>Preschool/ After School</b>	<b>Total Enterprise Funds</b>
Operating Revenues	\$710,384	\$160,000	\$72,184	\$31,057	\$973,625
Depreciation	7,211		919		8,130
Operating Income (Loss)	(445,510)	(15,418)	(21,444)	7,612	(474,760)
Federal Donated Commodities	129,919				129,919
Operating Grants	322,553				322,553
Transfers Out				7,000	7,000
Net Income (Loss)	10,847	(15,418)	(21,444)	612	(25,403)
Change in Contributed Capital	740				740
Net Working Capital	161,787	199,871	24,372	43,460	429,490
Total Assets	408,660	200,546	35,330	43,460	687,996
Total Equity	291,562	199,871	31,723	43,460	566,616
Encumbrances Outstanding at Fiscal Year End (Budget Basis)	17,467	5,403	2,985		25,855

**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. West Central Ohio Special Education Regional Resource Center**

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

**CELINA CITY SCHOOL DISTRICT  
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

**21. JOINTLY GOVERNED ORGANIZATIONS (Continued)**

**C. West Central Regional Professional Development Center**

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

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

**D. 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 address by the Board of Directors. Financial information can be obtained from the Northwestern Ohio Educational Research Council, Inc., Box 456, Ashland, Ohio 44805.

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

The School District is a participant in the Northwest Ohio Area Computer Services Cooperative (NOACSC), which is a computer consortium. NOACSC is an association of educational entities within the boundaries of Allen, Hancock, Mercer, Paulding, Putnam, and Van Wert Counties, and the Cities of St. Marys and Wapakoneta. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member educational entities. The governing board of NOACSC consists of two representatives from each county elected by majority vote of all charter member educational entities within each county. During fiscal year 2002, the School District paid \$35,630 to the NOACSC for various services. Financial information can be obtained from Michael Wildermuth, who serves as Director, 645 South Main Street, Lima, Ohio 45804.

**CELINA CITY SCHOOL DISTRICT  
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

**22. INSURANCE POOLS**

**A. NOACSC Workers' Compensation Group Rating Plan**

The School District participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The NOACSC Workers' Compensation Group Rating Plan (Plan) was established through the Northwest Ohio Area Computer Services Cooperative (NOACSC) as an insurance purchasing pool. The Safety Coordinator, Robert Lotz of NOACSC, or his designee serves as coordinator of the Plan. Each year, the participating members pay an enrollment fee to the Plan to cover the costs of administering the program.

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

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

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

**23. STATE SCHOOL FUNDING DECISION**

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school funding plan is unconstitutional.

The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school funding scheme that is thorough and efficient...". The School District is currently unable to determine what effect, if any, this decision will have on its future State funding and its financial operations.

**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, 2002.

**CELINA CITY SCHOOL DISTRICT  
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

**24. CONTINGENCIES (Continued)**

**B. Litigation**

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

**CELINA CITY SCHOOL DISTRICT  
MERCER COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR YEAR ENDED JUNE 30, 2002**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<b>U.S. DEPARTMENT OF AGRICULTURE</b>						
(Passed through Ohio Department of Education)						
National School Breakfast Program	043729-05-PU-2002/2001	10.553	\$30,539		\$30,539	
National School Lunch Program	043729-03-PU-2002/2001	10.555	276,559		276,559	
Child Care Food Program	043729-16CP-2002	10.558	16,303		16,303	
Child Care Food Program	136457-21FN-2002/2001	10.558	13,246		13,246	
Food Distribution Program	N/A	10.550		131,878		132,097
Total U.S. Department of Agriculture - Nutrition Cluster			336,647	131,878	336,647	132,097
<b>U.S. DEPARTMENT OF EDUCATION</b>						
(Passed through Ohio Department of Education)						
Special Education Cluster:						
Title VI-B Handicapped	043729-6B-SF-2001	84.027			11,679	
Title VI-B Handicapped	043729-6B-SF-2002	84.027	285,917		273,027	
Total			285,917		284,706	
Handicapped Preschool	04379-PGS1-2002	84.173	32,898		32,898	
Total			32,898		32,898	
Total Special Education Cluster			318,815		317,604	
Title 1	043729-C1-S1-2001C	84.010	1,173		1,173	
Title 1	043729-C1-S1-2001	84.010	2,327		16,891	
Title 1	043729-C1-S1-2002	84.010	259,696		257,076	
Total			263,196		275,140	
Class Size Reduction	043729-CRS1-2001	84.340			10,836	
Class Size Reduction	043729-CRS1-2002	84.340	79,839		65,594	
Total			79,839		76,430	
Vocational Education Basic Grant	043729-20A0-2001	84.048	19,720		7,074	
Vocational Education Basic Grant	043729-20C1-2001	84.048	19,373		25,110	
Vocational Education Basic Grant	043729-20C1-2002	84.048	118,538		107,105	
Total			157,631		139,289	
Drug Free Schools	043729-DRS1-2001	84.186	2,814		4,395	
Drug Free Schools	043729-DRS1-2002	84.186	8,917		5,114	
Total			11,731		9,509	
Eisenhower Professional Development	043729-MSS1-2001	84.281	1,261		3,632	
Eisenhower Professional Development	043729-MSS1-2002	84.281	15,708		6,325	
Total			16,969		9,957	
Title VI - Innovative Education Program	043729-C2S1-2000	84.298			4,190	
Title VI - Innovative Education Program	043729-C2S1-2001	84.298	14,648		6,689	
Title VI - Innovative Education Program	043729-C2S1-2002	84.298	5,383			
Total			20,031		10,879	
School Renovation Grants	043729-ATS1-2002	84.352	12,546		12,546	
Total			12,546		12,546	
Total U. S. Department of Education			880,758		851,354	
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>						
Direct Program						
Headstart Program	05CH5331 / 26	93.600	400,537		386,044	
Headstart Program	05CH5331 / 27	93.600	529,463		518,166	
Total Headstart Program			930,000		904,210	
Total U.S. Department of Health and Human Services			930,000		904,210	
<b>Total Federal Assistance</b>			<b>\$2,147,405</b>	<b>\$131,878</b>	<b>\$2,092,211</b>	<b>\$132,097</b>

See Accompanying Notes to the Schedule of Federal Awards Expenditures.

**CELINA CITY SCHOOL DISTRICT  
MERCER COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FISCAL YEAR ENDED JUNE 30, 2002**

**NOTE A – SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B – NUTRITION CLUSTER**

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2002, the District had no significant food commodities in inventory.

**NOTE C – MATCHING REQUIREMENTS**

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





## **Auditor of State Betty Montgomery**

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

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

To the Board of Education:

We have audited the financial statements of the Celina City School District, Mercer County, as of and for the year ended June 30, 2002, and have issued our report thereon dated January 27, 2003, wherein we noted the School District asset capitalization threshold changed. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### **Compliance**

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

#### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the School District in a separate letter dated January 27, 2003.

One First National Plaza / 130 W. Second St. / Suite 2040 / Dayton, OH 45402  
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Celina City School District  
Mercer County  
Independent Accountants' Report On Compliance And On  
Internal Control Required By *Government Auditing Standards*  
Page 2

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

January 27, 2003



## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO MAJOR FEDERAL PROGRAMS AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

To the Board of Education:

#### Compliance

We have audited the compliance of Celina City School District, Mercer County, (the School District), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2002. The School District's major federal program is identified in the summary of auditor's results section the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the School District's management. Our responsibility is to express an opinion on the School District's compliance based on our audit.

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

In our opinion, the School District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2002. We noted an instance of noncompliance that does not require inclusion in this report that we have reported to the management of the School District in a separate letter dated January 27, 2003.

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**Internal Control Over Compliance  
(Continued)**

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

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



**Betty Montgomery**  
Auditor of State

January 27, 2003

**CELINA CITY SCHOOL DISTRICT  
MERCER COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 §.505  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

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

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

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

None

**3. FINDINGS FOR FEDERAL AWARDS**

None





**Auditor of State  
Betty Montgomery**

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**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  
MARCH 11, 2003**