

OHIO AUDITOR OF STATE
KEITH FABER



February 19, 2019

Tom Sommer, Treasurer
Celina City School District
585 East Livingston Street
Celina, Ohio 45822

Dear Mr. Sommer:

This letter is to confirm our understanding of the terms and objectives of our engagement with the Celina City School District (CSD) and the nature and limitations of the services we will provide.

We will provide the following services:

Using our conversion software, the Local Government Services Section of the Auditor of State (LGS) will compile, from information provided by the School District, the annual financial statements for Celina City School District as of and for the fiscal years ended June 31, 2019, 2020, and 2021 and issue an accountant's report thereon in accordance with the Statements on Standards for Accounting and Review Services (SSARs) issued by the American Institute of Certified Public Accountants (AICPA).

The objective of our engagement is to prepare financial statements to be in conformity with another comprehensive basis of accounting and the display requirements of Governmental Accounting Standards Board Statement No. 34 based on information provided by the School District. LGS will conduct our compilation engagement in accordance with the Statements on Standards for Accounting and Review Services (SSARS) promulgated by the Accounting and Review Services Committee of the AICPA and comply with the AICPA's Code of Professional Conduct including the ethical principles of integrity, objectivity, professional competence, and due care.

LGS is not required to, and will not, verify the accuracy or completeness of the information the School District provides to LGS for the engagement or otherwise gather evidence for the purpose of expressing an opinion or a conclusion. Accordingly, we will not express an opinion or a conclusion or provide any assurance on the financial statements.

Our engagement cannot be relied upon to identify or disclose any financial statement misstatements, including those caused by fraud or error, or to identify or disclose any wrongdoing within the School District or noncompliance with laws and regulations

Our engagement to be performed is conducted on the basis that management acknowledges and understands that our role is to prepare financial statements in conformity with another comprehensive basis of accounting and the display requirements of Governmental Accounting Standards Board Statement No. 34. Management has the following overall responsibilities that are fundamental to our undertaking the

Local Government Services Section
88 East Broad Street, Fourth Floor, Columbus, Ohio 43215-3506
Phone: 614-466-4717 or 800-345-2519
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engagement to prepare the School District's financial statements in accordance with SSARs: 1) the selection of the financial reporting framework to be applied in the preparation of the financial statements; 2) the prevention and detection of fraud; 3) to ensure that the School District complies with the laws and regulations applicable to its activities; 4) the accuracy and completeness of the records, documents, explanations, and other information including significant judgments the School District provides to LGS for the engagement to prepare financial statements; and 5) to provide LGS with documentation and other related information that is relevant to the preparation and presentation of the financial statements, additional information that may be requested for the purpose of the preparation of the financial statements, and unrestricted access to persons within the School District of whom we determine necessary to communicate.

As part of our engagement, LGS will issue a report that will state that we did not audit or review the financial statements and that, accordingly, we do not express an opinion, a conclusion, or provide any assurance on them.

The School District agrees to include our accountant's compilation report in any document containing financial statements that indicate that we have performed a compilation engagement on such financial statements and, prior to inclusion of the report, to ask our permission to do so.

The School District remains responsible for the preparation and fair presentation of the financial statements in conformity with another comprehensive basis of accounting and the display requirements of Governmental Accounting Standards Board Statement No. 34. It is therefore the responsibility of the School District to be in a position in fact and appearance to make informed judgments while reviewing, evaluating, and approving the services provided under this engagement. It is also the School District's responsibility to design, implement, and maintain internal controls, including monitoring ongoing activities.

To demonstrate that the School District is fulfilling these responsibilities, the following safeguards will be observed. The School District will designate a management level individual to be the primary contact accountable for overseeing this engagement and who will take responsibility for the appropriateness of the results of this engagement. If the School District has determined that someone other than the individual with whom we worked last year will fulfill this role, the School District must submit documentation to support the designee's knowledge and capability to perform this function. We will meet with this individual periodically to update our progress and to allow the individual to monitor engagement performance to ensure it meets management's objectives. This individual will perform all management functions and make all management decisions related to this conversion and compilation and will accept full responsibility for such decisions. Accordingly, this individual will review and approve all proposed adjustments before they are entered in the conversion software. Finally, this individual will evaluate the adequacy of the services performed under this engagement by the Local Government Services Section of the Office of the Auditor of State.

It is understood and agreed that the performance of this engagement by LGS will not lessen the scope and extent of the audit work to be performed by the Financial Audit Group of the Office of the Auditor of State.

Management is responsible for making all financial records and related information available to LGS. The hours of service offered in this letter are based upon the following information being provided by the School District:

1. Information required to confirm the appropriate fund classification and major fund status;

2. Information regarding estimated revenues and appropriations for use in the preparation of budgetary statements, including original budget amounts for all funds required to be presented in the basic financial statements and documentation to ensure that financial records are in agreement with amended certificates requested and appropriations passed by the Board of Education for the fiscal year;
3. A current, complete, and appropriately classified record of all cash receipts and disbursements made during the fiscal year, along with bank reconciliations of all School District bank accounts as fiscal year end;
4. The balances for all governmental capital assets by program and type and proprietary capital assets by fund and type as of the beginning and end of the fiscal year, as well as current year additions and disposals;
5. Information regarding severance policies and retirements as of fiscal year end;
6. Information regarding short-term debt (notes) including a schedule of changes in short-term debt that details balances at the beginning and end of the fiscal year, increases and decreases, and the purpose for which the short-term debt was issued;
7. Information regarding long-term debt balances as of the beginning and end of the fiscal year and information regarding additions and payments that occurred during the fiscal year. Copies of amortization schedules that distinguish between principal and interest for each outstanding debt issue must also be provided;
8. Information regarding transfers by fund including the amount and purpose for each transfer;
9. Management's Discussion and Analysis (if one is prepared).

It is important that you provide financial records that balance and documentation that is adequate to support the necessary journal entries. If we discover inadequacies in the records or documentation you provide, we will return the information to you for correction.

All documents provided to LGS in connection with our services including financial records and reports, payroll records, employee rosters, health and medical records, tax records, etc. must be redacted of any personal information before submission. Personal information is defined as social security numbers, dates of birth, drivers' license numbers, or financial institution account numbers associated with an individual. The School District shall redact all personal information from electronic records before they are transmitted to LGS. This information should be fully blacked out in all paper documents prior to sending them to LGS. If personal information cannot be redacted from any records or documents, the School District must identify these records to LGS prior to their submission.

If redacting this personal information impairs the ability of LGS to provide the contracted services, the School District and the Auditor of State's Office will consider these exceptions on a case-by-case basis. Additionally, if redacting this information creates hardship on the School District in terms of resources, recordkeeping, or other issues, the School District and LGS may collaborate on alternative methods of providing the School District's data to LGS without compromising the personal information on individuals served or employed by the School District.

As part of the annual financial report, you may prepare a Management's Discussion and Analysis (MD&A). LGS assistance with respect to the MD&A will be limited to reviewing the MD&A to determine that all required topics have been addressed and to ensure that the amounts presented in the MD&A match the amounts presented in the financial statements.

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During the course of the compilation, from financial records and supporting documentation you provide, LGS will propose journal entries for the preparation of the basic financial statements, review records and other information to determine whether data is being gathered at the required level to permit the preparation of the financial statements, enter usable information from the prior fiscal year trial balances to the trial balances that will be used for the fiscal year being reported, and input approved journal entries into the trial balances. LGS will also discuss with you the requirements for budgetary presentations and assist in the identification of original budgetary information.

LGS assistance with respect to capital assets will be limited to explaining the information necessary for report preparation. If additional assistance in the review of policies or significant guidance related to the calculation of capital assets is required, this engagement will need to be amended.

All work papers prepared by the Office of the Auditor of State will remain the property of the Auditor of State. Accordingly, we are responsible for their care and custody. At the conclusion of the project, we will provide copies of any of the work papers you would like to have for your records. However, the work papers should not be regarded as a part of, or a substitute for, your accounting records.

If for any reason we are unable to complete the compilation of the School District's financial statements, we will not issue a report on such statements as a result of this engagement.

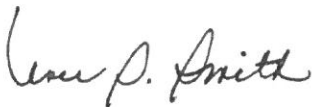
It is estimated that 120 hours will be needed to complete this project for each fiscal year 2019, 2020, and 2021. Our fees for these services will be billed monthly to the School District at a rate of \$50 per hour and the total cost is not anticipated to exceed \$6,000 each fiscal year. If additional time or services should be necessary, we will notify the School District regarding any amendment to this contract that may be required.

Upon a 30 day written notice, either party may terminate this Agreement for any reason. Such notice shall be sent by U.S. mail or by personal delivery to the Auditor of State, Local Government Services Section, 88 East Broad Street, Fourth Floor, Columbus, Ohio 43215-3506. In the event of such termination, the Auditor of State shall be compensated at the contractually agreed-upon rate for any and all work done to the date of such notice.

If you are in agreement with the terms of this contract, please sign and certify this engagement letter in the appropriate spaces and return it to me no later than April 30, 2019. If we do not hear from you by April 30, 2019, we will assume the School District does not wish to contract for the services of the Local Government Services Section of the Office of the Auditor of State. Should you have any questions concerning this letter, please do not hesitate to contact Belinda L. Miller, Chief Project Manager, at 419-562-1847.

Sincerely,

KEITH FABER
Auditor of State



Unice S. Smith
Chief of Local Government Services

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We desire the Auditor of State's Office to perform the services described above and agree to the terms and conditions set forth in this letter.

CELINA CITY SCHOOL DISTRICT

Date: _____

Resolution No. _____

By: _____
President of the Board of Education

It is hereby certified that the amount of \$ _____ required to pay this contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of the _____ Fund, free from any obligation or certification now outstanding.

Date: _____

Tom Sommer, Treasurer

cc: Belinda L. Miller, Chief Project Manager
Donna Waldron, Chief Auditor