



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**CAMPBELL CITY SCHOOL DISTRICT
MAHONING COUNTY**

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

Voinovich Government Center
242 Federal Plaza West
Suite 302
Youngstown, Ohio 44503
Telephone 330-797-9900
800-443-9271
Facsimile 330-797-9949
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

Campbell City School District
Mahoning County
280 Sixth Street
Campbell, Ohio 44405

To the Board of Education:

We have audited the accompanying general-purpose financial statements of the Campbell City School District, Mahoning County, (the District) as of and for the year ended June 30, 2001, as listed in the table of contents. These general-purpose financial statements are the responsibility of the 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 Campbell City School District, Mahoning County, as of June 30, 2001, and the results of its operations and the cash flows of its proprietary fund type and nonexpendable trust fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2002 on our consideration of the 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.

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, sweeping initial "J" and a long, horizontal stroke extending to the right.

Jim Petro
Auditor of State

August 27, 2002

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CAMPBELL CITY SCHOOL DISTRICT
MAHONING COUNTY, OHIO
 COMBINED BALANCE SHEET
 ALL FUND TYPES AND ACCOUNT GROUPS
 JUNE 30, 2001

	Governmental Fund Types				Proprietary	Fiduciary	Account Groups		Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
ASSETS AND OTHER DEBITS									
ASSETS:									
Equity in pooled cash and cash equivalents	\$1,210,485	\$843,776	\$38,519	\$11,654,124	\$160,439	\$28,737			\$13,936,080
Equity in pooled cash and cash equivalents - nonexpendable trust fund						2,048			2,048
Investments - nonexpendable trust fund						11,544			11,544
Receivables (net of allowances of uncollectibles):									
Property taxes - current & delinquent	3,421,497	52,305	512,139						3,985,941
Accounts	413								413
Accrued interest						387			387
4 Interfund loan receivable	50,862								50,862
Due from other governments	10,705	279,049			9,292				299,046
Prepayments	14,514								14,514
Materials and supplies inventory					10,191				10,191
Restricted assets:									
Equity in pooled cash and cash equivalents	97,445								97,445
Property, plant and equipment (net of accumulated depreciation where applicable)					31,280		\$8,688,740		8,720,020
OTHER DEBITS:									
Amount available in debt service fund								\$38,519	38,519
Amount to be provided for retirement of general long-term obligations								3,665,654	3,665,654
Total assets and other debits	<u>\$4,805,921</u>	<u>\$1,175,130</u>	<u>\$550,658</u>	<u>\$11,654,124</u>	<u>\$211,202</u>	<u>\$42,716</u>	<u>\$8,688,740</u>	<u>\$3,704,173</u>	<u>\$30,832,664</u>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

--Continued

CAMPBELL CITY SCHOOL DISTRICT
MAHONING COUNTY, OHIO
 COMBINED BALANCE SHEET
 ALL FUND TYPES AND ACCOUNT GROUPS (CONTINUED)
 JUNE 30, 2001

	Governmental Fund Types				Proprietary	Fiduciary	Account Groups		Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
LIABILITIES, EQUITY AND OTHER CREDITS									
LIABILITIES:									
Accounts payable	\$74,103	\$41,384			\$635				\$116,122
Contracts payable				\$1,301,525					1,301,525
Accrued wages and benefits	719,186	106,611		102	5,497				831,396
Compensated absences payable	77,930	26,645			14,583			\$455,427	574,585
Pension obligation payable	136,732	14,582		8	15,255			73,343	239,920
Interfund loan payable		50,862							50,862
Deferred revenue	3,421,497	116,352	\$512,139		6,784				4,056,772
Due to students						\$25,839			25,839
General obligation bonds payable								2,740,000	2,740,000
Capital appreciation bonds payable								125,625	125,625
Energy conservation notes payable								309,778	309,778
Total liabilities	4,429,448	356,436	512,139	1,301,635	42,754	25,839		3,704,173	10,372,424
EQUITY AND OTHER CREDITS:									
Investment in general fixed assets							\$8,688,740		8,688,740
Retained earnings: unreserved					168,448				168,448
Fund balances:									
Reserved for encumbrances	40,453	13,995		9,382,966					9,437,414
Reserved for debt service			38,519						38,519
Reserved for BWC refunds	80,192								80,192
Reserved for textbooks	17,253								17,253
Reserved for prepayments	14,514								14,514
Reserved for principal endowment						13,979			13,979
Unreserved-undesignated	224,061	804,699		969,523		2,898			2,001,181
Total equity and other credits	376,473	818,694	38,519	10,352,489	168,448	16,877	8,688,740		20,460,240
Total liabilities, equity and other credits	\$4,805,921	\$1,175,130	\$550,658	\$11,654,124	\$211,202	\$42,716	\$8,688,740	\$3,704,173	\$30,832,664

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

CAMPBELL CITY SCHOOL DISTRICT
MAHONING COUNTY, OHIO
 COMBINED STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
 FOR THE YEAR ENDED JUNE 30, 2001

	Governmental Fund Types				Fiduciary Fund Type	Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expensible Trust	
Revenues:						
From local sources:						
Taxes	\$2,179,096	\$32,156	\$213,500			\$2,424,752
Tuition	42,681					42,681
Earnings on investments.	196,981	2,274		\$233,668		432,923
Extracurricular		87,702				87,702
Other local revenues	60,020	2,438			\$2,600	65,058
Other revenues.		37,500				37,500
Intergovernmental - State	7,067,109	891,503	30,961	8,750,361		16,739,934
Intergovernmental - Federal		1,066,398				1,066,398
Total revenue.	9,545,887	2,119,971	244,461	8,984,029	2,600	20,896,948
Expenditures:						
Current:						
Instruction:						
Regular	4,401,913	755,387		12,931		5,170,231
Special.	583,115	514,547				1,097,662
Vocational.	66,153					66,153
Other	6,820	9,387				16,207
Support services:						
Pupil.	279,095	114,275				393,370
Instructional staff.	200,001	226,135				426,136
Board of Education	6,486					6,486
Administration	562,615	35,856				598,471
Fiscal	447,816	542	3,617	31,142		483,117
Business.	32,244					32,244
Operations and maintenance	1,243,956	297				1,244,253
Pupil transportation.	251,742					251,742
Central		4,231				4,231
Community services		1,288		59,200	1,000	61,488
Extracurricular activities.	149,087	81,578				230,665
Facilities acquisition and construction.				2,878,136		2,878,136
Intergovernmental pass-through.		87,434				87,434
Debt service:						
Principal retirement			243,845	3,019,000		3,262,845
Interest and fiscal charges			165,641	70,343		235,984
Total expenditures.	8,231,043	1,830,957	413,103	6,070,752	1,000	16,546,855
Excess (deficiency) of revenues over (under) expenditures.	1,314,844	289,014	(168,642)	2,913,277	1,600	4,350,093
Other financing sources (uses):						
Operating transfers in	28,860		99,531	1,166,800		1,295,191
Operating transfers out	(1,266,331)	(28,860)				(1,295,191)
Total other financing sources (uses)	(1,237,471)	(28,860)	99,531	1,166,800		0
Excess of revenues and other financing sources over (under) expenditures and other financing uses	77,373	260,154	(69,111)	4,080,077	1,600	4,350,093
Fund balances, July 1	299,100	558,540	107,630	6,272,412	1,298	7,238,980
Fund balances, June 30	\$376,473	\$818,694	\$38,519	\$10,352,489	\$2,898	\$11,589,073

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

CAMPBELL CITY SCHOOL DISTRICT
MAHONING COUNTY, OHIO
 COMBINED STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL COMPARISON (NON-GAAP BUDGETARY BASIS)
 ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED JUNE 30, 2001

	General			Special Revenue			Debt Service			Capital Projects			Total (Memorandum only)		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Budget Revised	Actual	Variance: Favorable (Unfavorable)	Budget Revised	Actual	Variance: Favorable (Unfavorable)	Budget Revised	Actual	Variance: Favorable (Unfavorable)
Revenues:															
From local sources:															
Taxes.....	\$1,897,281	\$2,179,096	\$281,815	\$29,345	\$32,156	\$2,811	\$198,691	\$213,500	\$14,809				\$2,125,317	\$2,424,752	\$299,435
Tuition.....	37,581	42,681	5,100										37,581	42,681	5,100
Earnings on investments.....	173,078	196,981	23,903	2,089	2,274	185				\$39,048	\$212,568	\$173,520	214,215	411,823	197,608
Extracurricular.....				79,392	86,439	7,047							79,392	86,439	7,047
Other local revenues.....	52,975	59,637	6,662	2,331	2,538	207							55,306	62,175	6,869
Other revenue.....				34,443	37,500	3,057							34,443	37,500	3,057
Intergovernmental - State.....	6,234,746	7,056,404	821,658	785,398	854,906	69,508	29,935	30,961	1,026	1,607,430	8,750,361	7,142,931	8,657,509	16,692,632	8,035,123
Intergovernmental - Federal.....				863,464	940,108	76,644							863,464	940,108	76,644
Total revenues.....	<u>8,395,661</u>	<u>9,534,799</u>	<u>1,139,138</u>	<u>1,796,462</u>	<u>1,955,921</u>	<u>159,459</u>	<u>228,626</u>	<u>244,461</u>	<u>15,835</u>	<u>1,646,478</u>	<u>8,962,929</u>	<u>7,316,451</u>	<u>12,067,227</u>	<u>20,698,110</u>	<u>8,630,883</u>
Expenditures:															
Current:															
Instruction:															
Regular.....	4,396,515	4,420,504	(23,989)	1,025,033	731,805	293,228				20,032	27,269	(7,237)	5,441,580	5,179,578	262,002
Special.....	593,406	596,644	(3,238)	690,292	492,822	197,470							1,283,698	1,089,466	194,232
Vocational.....	64,570	64,922	(352)										64,570	64,922	(352)
Other.....	6,783	6,820	(37)	21,136	15,090	6,046							27,919	21,910	6,009
Support services:															
Pupil.....	276,747	278,257	(1,510)	162,864	116,274	46,590							439,611	394,531	45,080
Instructional staff.....	201,525	202,625	(1,100)	313,542	223,848	89,694							515,067	426,473	88,594
Board of Education.....	6,445	6,480	(35)										6,445	6,480	(35)
Administration.....	600,885	604,164	(3,279)	51,167	36,530	14,637							652,052	640,694	11,358
Fiscal.....	447,916	450,356	(2,440)	759	542	217	3,617	3,617	0	31,144	31,144	0	483,436	485,659	(2,223)
Business.....	34,507	34,695	(188)										34,507	34,695	(188)
Operations and maintenance.....	1,317,871	1,325,062	(7,191)	434	310	124							1,318,305	1,325,372	(7,067)
Pupil transportation.....	311,756	313,457	(1,701)										311,756	313,457	(1,701)
Central.....				6,945	4,958	1,987							6,945	4,958	1,987
Community services.....				2,685	1,917	768				75,167	73,630	1,537	77,852	75,547	2,305
Extracurricular activities.....	147,968	148,775	(807)	115,890	82,738	33,152							263,858	231,513	32,345
Facilities acquisition and construction ..										12,283,416	12,579,961	(296,545)	12,283,416	12,579,961	(296,545)
Intergovernmental pass-through				128,172	91,506	36,666							128,172	91,506	36,666
Debt service:															
Principal retirement.....							243,845	243,845	0	3,019,000	3,019,000	0	3,262,845	3,262,845	0
Interest and fiscal charges.....							165,641	165,641	0	70,343	70,343	0	235,984	235,984	0
Total expenditures.....	<u>8,406,894</u>	<u>8,452,761</u>	<u>(45,867)</u>	<u>2,518,919</u>	<u>1,798,340</u>	<u>720,579</u>	<u>413,103</u>	<u>413,103</u>	<u>0</u>	<u>15,499,102</u>	<u>15,801,347</u>	<u>(302,245)</u>	<u>26,838,018</u>	<u>26,465,551</u>	<u>372,467</u>
Excess (deficiency) of revenues over (under) expenditures.....	<u>(11,233)</u>	<u>1,082,038</u>	<u>1,093,271</u>	<u>(722,457)</u>	<u>157,581</u>	<u>880,038</u>	<u>(184,477)</u>	<u>(168,642)</u>	<u>15,835</u>	<u>(13,852,624)</u>	<u>(6,838,418)</u>	<u>7,014,206</u>	<u>(14,770,791)</u>	<u>(5,767,441)</u>	<u>9,003,350</u>
Other financing sources (uses):															
Refund of prior year's expenditures.....	41,542	47,179	5,637	3,859	4,202	343				3,793	4,056	263	49,194	55,437	6,243
Operating transfers in.....	387,867	346,760	(41,107)				93,084	99,531	6,447	214,340	1,166,800	952,460	695,291	1,613,091	917,800
Operating transfers out.....	(1,575,633)	(1,584,230)	(8,597)	(171,725)	(28,861)	142,864							(1,747,358)	(1,613,091)	134,267
Advances in.....	0	93,739	93,739	0	50,862	50,862							0	144,601	144,601
Advances out.....	0	(50,862)	(50,862)	0	(93,739)	(93,739)							0	(144,601)	(144,601)
Total other financing sources (uses).....	<u>(1,146,224)</u>	<u>(1,147,414)</u>	<u>(1,190)</u>	<u>(167,866)</u>	<u>(67,536)</u>	<u>100,330</u>	<u>93,084</u>	<u>99,531</u>	<u>6,447</u>	<u>218,133</u>	<u>1,170,856</u>	<u>952,723</u>	<u>(1,002,873)</u>	<u>55,437</u>	<u>1,058,310</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses.....	<u>(1,157,457)</u>	<u>(65,376)</u>	<u>1,092,081</u>	<u>(890,323)</u>	<u>90,045</u>	<u>980,368</u>	<u>(91,393)</u>	<u>(69,111)</u>	<u>22,282</u>	<u>(13,634,491)</u>	<u>(5,667,562)</u>	<u>7,966,929</u>	<u>(15,773,664)</u>	<u>(5,712,004)</u>	<u>10,061,660</u>
Fund balances, July 1.....	1,067,892	1,067,892	0	659,612	659,612	0	107,630	107,630	0	6,528,329	6,528,329	0	8,363,463	8,363,463	0
Prior year encumbrances appropriated.....	190,858	190,858	0	38,755	38,755	0	0	0	0	87,770	87,770	0	317,383	317,383	0
Fund balances, June 30.....	<u>\$101,293</u>	<u>\$1,193,374</u>	<u>\$1,092,081</u>	<u>(\$191,956)</u>	<u>\$788,412</u>	<u>\$980,368</u>	<u>\$16,237</u>	<u>\$38,519</u>	<u>\$22,282</u>	<u>(\$7,018,392)</u>	<u>\$948,537</u>	<u>\$7,966,929</u>	<u>(\$7,092,818)</u>	<u>\$2,968,842</u>	<u>\$10,061,660</u>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

CAMPBELL CITY SCHOOL DISTRICT
MAHONING COUNTY, OHIO
 COMBINED STATEMENT OF REVENUES, EXPENSES
 AND CHANGES IN RETAINED EARNINGS/FUND BALANCE
 PROPRIETARY FUND TYPE AND NONEXPENDABLE TRUST FUND
 FOR THE YEAR ENDED JUNE 30, 2001

	Proprietary Fund Type	Fiduciary Fund Type	Total (Memorandum Only)
	Enterprise	Nonexpendable Trust	
Operating revenues:			
Tuition and fees	\$1,654		\$1,654
Sales/charges for services	78,820		78,820
Total operating revenues	80,474		80,474
Operating expenses:			
Personal services	231,506		231,506
Contract services	18,163		18,163
Materials and supplies	215,392		215,392
Depreciation	3,182		3,182
Other operating expenses		\$360	360
Total operating expenses	468,243	360	468,603
Operating loss	(387,769)	(360)	(388,129)
Nonoperating revenues:			
Operating grants	354,541		354,541
Interest revenue	7,730		7,730
Federal donated commodities	29,892		29,892
Total nonoperating revenues	392,163		392,163
Net income (loss)	4,394	(360)	4,034
Retained earnings/ fund balance at July 1	164,054	14,339	178,393
Retained earnings/ fund balance at June 30	\$168,448	\$13,979	\$182,427

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

CAMPBELL CITY SCHOOL DISTRICT
MAHONING COUNTY, OHIO
 COMBINED STATEMENT OF CASH FLOWS
 PROPRIETARY FUND TYPE AND NONEXPENDABLE TRUST FUND
 FOR THE YEAR ENDED JUNE 30, 2001

	Proprietary Fund Type	Fiduciary Fund Type	Total (Memorandum Only)
	Enterprise	Nonexpendable Trust	
Cash flows from operating activities:			
Cash received from tuition and fees	\$1,654		\$1,654
Cash received from sales/service charges	78,820		78,820
Cash payments for personal services	(230,073)		(230,073)
Cash payments for contract services	(17,528)		(17,528)
Cash payments for supplies and materials	(183,009)		(183,009)
Cash payments for other expenses		(\$500)	(500)
	<u> </u>	<u> </u>	<u> </u>
Net cash used in operating activities	(350,136)	(500)	(350,636)
Cash flows from noncapital financing activities:			
Cash received from operating grants	399,802		399,802
	<u> </u>	<u> </u>	<u> </u>
Net cash provided by noncapital financing activities	399,802		399,802
Cash flows from capital and related financing activities:			
Acquisition of capital assets	(3,335)		(3,335)
	<u> </u>	<u> </u>	<u> </u>
Net cash used in capital and related financing activities	(3,335)		(3,335)
Cash flows from investing activities:			
Interest received	7,730	418	8,148
	<u> </u>	<u> </u>	<u> </u>
Net cash provided by investing activities	7,730	418	8,148
Net increase (decrease) in cash and cash equivalents			
	54,061	(82)	53,979
Cash and cash equivalents at beginning of year			
	106,378	2,130	108,508
Cash and cash equivalents at end of year			
	<u>\$160,439</u>	<u>\$2,048</u>	<u>\$162,487</u>
Reconciliation of operating loss to net cash used in operating activities:			
Operating loss	(\$387,769)	(\$360)	(\$388,129)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Depreciation	3,182		3,182
Federal donated commodities	29,892		29,892
Interest reported as operating income		(418)	(418)
Changes in assets and liabilities:			
Decrease in supplies inventory	1,344		1,344
Decrease in accrued interest receivable		478	478
Increase (decrease) in accounts payable	635	(200)	435
Increase in accrued wages and benefits	17		17
Increase in compensated absences payable	1,114		1,114
Increase in pension obligation payable	302		302
Increase in deferred revenue	1,147		1,147
	<u> </u>	<u> </u>	<u> </u>
Net cash used in operating activities	<u>(\$350,136)</u>	<u>(\$500)</u>	<u>(\$350,636)</u>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

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**CAMPBELL CITY SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

The Campbell City School District (the "District") is organized under Section 2 and 3, Article VI of the Constitution of the State of Ohio to provide educational services to the students and other community members of the District. Under such laws there is no authority for a school district to have a charter or adopt local laws. The legislative power of the School District is vested in the Board of Education, consisting of five members elected at large for staggered four year terms by the citizens of the District.

The District serves an area of approximately four square miles in Mahoning County, including all of the City of Campbell.

The District is the 353rd largest in the State of Ohio (among 682 public and community school districts) in terms of total enrollment. It currently operates one elementary school, one middle school, and one comprehensive high school. The District is staffed by 55 non-certificated and 109 certificated personnel to provide services to approximately 1,593 students and other community members.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The general purpose financial statements (GPFS) of the 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 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. The District's significant accounting policies are described below.

**CAMPBELL CITY SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

A. Reporting Entity

The District's reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity". When applying GASB Statement No. 14, management has considered all potential component units. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the Board's ability to exercise significant oversight responsibility. The most significant manifestation of this ability is financial interdependence. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of the governing authority, the designation of management, the ability to significantly influence operations, and the accountability for fiscal matters.

A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the District and/or its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities. Based upon the application of these criteria, the District has no component units. The following organizations are described due to their relationship with the District:

JOINTLY GOVERNED ORGANIZATIONS

Area Cooperative Computerized Educational Service System

The Area Cooperative Computerized Educational Service System (ACCESS) is a joint venture among 22 school districts and 2 county boards of education. The joint venture was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to the administrative and instructional functions among member districts. Each of the governments of these schools supports ACCESS based upon a per pupil charge dependent upon the software package utilized. In the event of dissolution of the organization, all current members will share in net obligations or asset liquidations in a ratio proportionate to their last twelve months financial contribution.

**CAMPBELL CITY SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

ACCESS is governed by a Board of Directors consisting of superintendents of the members school districts. The degree of control exercised by any school district is limited to its representation on the Board. In accordance with GASB Statement No. 14, the District does not have any equity interest in ACCESS as a residual interest in the net resources of a joint venture upon dissolution is not equivalent to an equity interest. Financial information can be obtained from the treasurer for the Mahoning County Educational Service Center, who serves as fiscal agent, at 2801 Market Street, Youngstown, Ohio 44507-1693.

Mahoning County Career & Technical Center

The Mahoning County Career & Technical Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of representatives from the participating school districts' elected boards, which possesses its own budgeting and taxing authority. To obtain financial information, write to the Treasurer of the Career & Technical Center, at 7300 North Palmyra Road, Canfield, Ohio 44406.

PUBLIC ENTITY RISK POOL

Ohio School Boards Association Workers' Compensation Group Rating Plan

The District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (WCGRP), an insurance purchasing pool. The WCGRP was established under Section 4123.29 of the Ohio Revised Code. The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

**CAMPBELL CITY SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

B. Fund Accounting

The District uses funds and account groups to report its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain school district activities or functions. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category is divided into separate fund types.

GOVERNMENTAL FUNDS

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

General Fund - The general fund is the general operating fund of the 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 District for any purpose provided it is expended or transferred according to the general laws of the State of Ohio.

Special Revenue Funds - The special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.

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

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

**CAMPBELL CITY SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

PROPRIETARY FUNDS

Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in the private sector where the determination of net income is necessary or useful to sound financial administration. The following are the District's proprietary fund types:

Enterprise Fund - The enterprise fund are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises--where the intent of the governing body 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 (b) where the governing body has 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.

FIDUCIARY FUNDS

Fiduciary funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. These include a nonexpendable trust fund, an expendable trust fund and an agency fund. The nonexpendable trust fund is accounted for in the same manner as proprietary funds. The expendable trust fund is accounted for in the same manner as governmental funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The agency fund is presented on a budget basis, with note disclosure, regarding items which, in other fund types, would be subject to accrual. At June 30, 2001, there were no accruals for the agency fund that, in other fund types, would be recognized in the combined balance sheet.

**CAMPBELL CITY SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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 general nature, the following account groups are used.

General Fixed Assets Account Group - This group of accounts is established to account for all fixed assets of the District, other than those accounted for in the proprietary or trust funds.

General Long-Term Obligations Account Group - This group of accounts is established to account for all long-term obligations of the District, other than those accounted for in the proprietary funds.

C. Measurement Focus/Basis of Accounting

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

All proprietary funds and the nonexpendable trust fund are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations of these funds are included on the balance sheet. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

**CAMPBELL CITY SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The modified accrual basis of accounting is followed for governmental funds and the expendable trust fund. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period, which for the District is sixty days after the June 30 year end. Revenues accrued at the end of the year include taxes, (to the extent they are intended to finance the current fiscal year), interest, and accounts (student fees and tuition). Current property taxes measurable as of June 30, 2001, and which are intended to finance fiscal 2001 operations, have been recorded as deferred revenues. Delinquent property taxes measurable and available (received within 60 days) are recognized as revenue. In proprietary funds, unused donated commodities are reported as deferred revenue.

The District reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the recognition of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the modified accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied and the resources are available. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been met and the resources are available.

Expenditures (decreases in net financial resources) are recognized in the period in which the fund liability is incurred with the following exception: general long-term obligation principal and interest are reported only when due; and costs of accumulated unpaid vacation and sick leave are reported as expenditures in the period in which they will be liquidated with available financial resources rather than in the period earned by employees.

**CAMPBELL CITY SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The proprietary funds and the nonexpendable trust fund are accounted for on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense and a like amount is reported as donated commodities revenue.

On the accrual basis of accounting, revenue from nonexchange transactions, such as grants, entitlements and donations, is recognized in the fiscal year in which all eligibility requirements have been met. The proprietary funds receive no revenue from property taxes.

D. Budgets

The District is required by State statute to adopt an annual appropriated cash basis budget for all funds. The specific timetable for fiscal year 2001 is as follows:

1. Prior to January 15 of the preceding year, 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 expressed purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the board-adopted budget is filed with the Mahoning County Budget Commission for tax rate determination.

**CAMPBELL CITY SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts set forth in the final Amended Certificate issued for fiscal year 2001.
4. By July 1, the annual Appropriation Resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. State statute permits a temporary appropriation to be effective until no later than October 1 of each year. Although the legal level of budgetary control was established at the fund level of expenditures, the District has elected to present budgetary statement comparisons at the fund and function level of expenditures. Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals.
5. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.
6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions. Not all funds completed the year within the amount of their legally authorized cash basis appropriation. (See Note 3.D.).

**CAMPBELL CITY SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

7. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by June 30, 2001. The budget figures which appear in the statements of budgetary comparisons represent the permanent appropriation amounts plus all supplemental appropriations legally enacted during the year.
8. Unencumbered appropriations lapse at year end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures plus encumbrances may not legally exceed budgeted appropriations at the fund level.

Encumbrance accounting is utilized with District funds in the normal course of operations, for purchase orders and contract related expenditures. An encumbrance is a reserve on the available spending authority due to commitment for a future expenditure and does not represent a liability. For governmental fund types, encumbrances outstanding at year end appear as a reserve to the fund balance on a GAAP basis and as the equivalent of expenditures on a non-GAAP budgetary basis in order to demonstrate legal compliance. Note 14 provides a reconciliation of the budgetary and GAAP basis of accounting and Note 11 discloses encumbrances outstanding for the enterprise funds at fiscal year end.

E. Cash and Investments

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

During 2001, investments were limited to federal agency securities, U.S. government money market mutual funds, repurchase agreements and nonnegotiable certificates of deposit. Nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposit are reported at cost.

**CAMPBELL CITY SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. Interest revenue credited to the general fund during fiscal 2001 amounted to \$196,981, which includes \$147,427 assigned from other 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 original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

An analysis of the Treasurer's investment account at year-end is provided in Note 4.

F. Inventory

Inventories of proprietary funds consist of donated food, purchased food, food service paper and janitorial supplies and are valued at the lower of cost (first-in/first-out method) or market and expensed when used rather than when purchased.

G. Fixed Assets and Depreciation

1. General Fixed Assets Account Group

General fixed assets are capitalized at cost or estimated historical cost. Donated fixed assets are recorded at their fair market values as of the date donated. The District follows the policy of not capitalizing assets with a cost of less than \$500 and a useful life of less than five years. No depreciation is recognized for assets in the general fixed assets account group. The District has not included infrastructure in the general fixed assets account group.

**CAMPBELL CITY SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

2. Proprietary Funds

Equipment reflected in these funds are stated at historical cost or estimated historical cost and updated for the cost of additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date donated. Depreciation has been provided, where appropriate, on a straight-line basis over the following estimated useful lives:

Asset	Life (years)
Furniture, fixtures and equipment	5 - 20

H. Intergovernmental Revenues

In governmental funds, entitlements and non-reimbursable grants (to the extent eligibility requirements have been met and the funds were received in the available period) are recorded as receivables and revenue when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Other than commodities, grants and entitlements for proprietary fund operations are recognized as non-operating revenue when measurable and earned. The District currently participates in various state and federal programs categorized as follows:

Entitlements

General Fund

State Foundation Program

Non-Reimbursable Grants

Special Revenue Funds

Education Management Information Systems

Teacher Development

GOALS Grant

Title I

Title VI

Education for Economic Security Act

Drug Free Schools

**CAMPBELL CITY SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Non-Reimbursable Grants - (Continued)

Special Revenue Funds - (Continued)

Auxiliary Services
Disadvantaged Pupil Impact Aid
Title VI-B
Ohio Reads
Conflict Management
Title VI-R
SchoolNet Professional Development
Summer School Intervention

Capital Projects Funds

SchoolNet
Technology Equity
Telecommunity Grant
OSFC Project Construction

Reimbursable Grants

General Fund

Driver Education Reimbursement

Proprietary Funds

National School Lunch Program
National School Breakfast Program
Special Milk Program
Child and Adult Care Food Program
Government Donated Commodities

Grants and entitlements amounted to approximately 85% of the District's operating revenue during the 2001 fiscal year.

**CAMPBELL CITY SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

I. Compensated Absences

Compensated absences of the District consist of vacation leave and sick leave to the extent that payment to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the District and the employee.

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. A liability for severance is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for severance on employees expected to become eligible to retire in the future, all employees age fifty or greater with at least ten years of service and all employees with at least twenty years of service regardless of their age were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at the balance sheet date, and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

Accumulated vacation and severance of governmental fund type employees meeting the above requirements have been recorded in the appropriate governmental fund as a current liability to the extent that the amounts are expected to be payable within the current available period. The balance of the liability is recorded in the general long-term obligations account group. Vacation and severance for employees meeting the above requirements who are paid from proprietary funds is recorded as an expense when earned.

**CAMPBELL CITY SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

J. Long-Term Obligations

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a government fund. The remaining portion of such obligations is reported in the general long-term obligations account group.

Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

K. Fund Equity

Reserved fund balances indicate that portion of fund equity which is not available for current appropriation or is legally segregated for a specific use. Fund balances are reserved for encumbrances, budget stabilization, textbooks, debt service, prepayments and principal endowment. Although the nonexpendable trust fund uses the total economic resources measurement focus, the fund equity is reserved for the amount of the principal endowment. The unreserved portions of fund equity reflected for the governmental funds are available for use within the specific purposes of those funds.

L. Interfund Transactions

During the course of normal operations, the District may have numerous transactions between funds. The most significant include:

1. Transfers of resources from one fund to another fund. The resources transferred are to be expended for operations by the receiving fund and are recorded as operating transfers, with the exception of agency funds, which do not show transfers of resources as operating transfers.
2. Reimbursements from one fund to another are treated as expenditures/expenses in the reimbursing fund and a reduction in expenditures/expenses in the reimbursed fund. Quasi-external transactions are accounted for as revenues, expenditures or expenses.

**CAMPBELL CITY SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

3. Short-term interfund loans and accrued interfund reimbursements and accrued operating transfers are reflected as “interfund loans receivable or payable”. The District had short-term interfund loans receivable and payable at June 30, 2001.
4. Long-term interfund loans that will not be repaid within the next year are termed “advances” and are shown as reservations of fund balances on the combined balance sheet for those funds that report advances to other funds as assets because they are not spendable, available resources. The District had no long-term advances receivable or payable at June 30, 2001.

See Note 5 for an analysis of interfund transactions.

M. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents that are restricted in use by State statute. A fund balance reserve has also been established. See Note 16 for details.

N. Estimates

The preparation of the GPFS in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the GPFS and accompanying notes. Actual results may differ from those estimates.

O. Parochial Schools

Within the District boundaries, St. Joseph’s is operated through the Catholic Diocese. Current state legislation provides funding to these parochial schools. These monies are received and distributed on behalf of the parochial schools by the Treasurer of the District, as directed by the parochial schools. The receipt and fiduciary liability of these state monies are reflected in a special revenue fund for financial reporting purposes.

**CAMPBELL CITY SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

P. Prepays

Prepayments for governmental funds represent cash disbursements which have occurred and are therefore not current expendable resources. These items are reported as fund assets on the balance sheet using the allocation method, which amortizes their cost over the periods benefitting from the advance payment. At period end, because prepayment is not available to finance future governmental fund expenditures, the fund balance is reserved by an amount equal to the carrying value of the asset.

Q. Memorandum Only - Total Columns

Total columns on the GPFS are captioned "Total (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 changes in financial position in conformity with GAAP. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Prior Period Adjustment

In the prior year, the District incorrectly calculated the amount of accreted interest on the capital appreciation bonds. A prior period adjustment is required to properly state the balance of the capital appreciation bonds in the general long-term obligation account group. The effect of this adjustment reduced the June 30, 2000 balance of the general long-term obligations account group by \$71,300 from \$7,093,125 to \$7,021,825.

B. Change in Accounting Principle

GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions", was implemented during fiscal 2001. This statement pertains to the financial reporting of certain types of revenue received by the District for which no value is given in return, including derived tax revenues, imposed nonexchange transactions, government-mandated nonexchange transactions, and voluntary nonexchange transactions. The adoption of this statement had no effect on fund balances/retained earnings as previously reported by the District at June 30, 2000.

**CAMPBELL CITY SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

C. Deficit Fund Balances

Fund balances at June 30, 2001 included the following individual fund deficits:

	<u>Deficit Balance</u>
<u>Special Revenue Funds</u>	
Ohio Reads	\$ (27)
ELO Grant	(95)
Miscellaneous Federal Grants	(4,243)

These funds complied with Ohio state law, which does not permit a cash basis deficit at year end.

The deficit fund balance in the Ohio Reads, ELO Grant and the Miscellaneous Federal Grants special revenue funds are caused by accruing wage, benefit and pension obligations in accordance with GAAP. These deficits will be eliminated by anticipated intergovernmental revenues and subsidies not recognized at June 30.

D. Compliance

Contrary to Ohio Revised Code Section 5705.41 (B), the following funds had expenditures in excess of appropriations for the fiscal year ended June 30, 2001:

<u>Fund Type Fund</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess</u>
General Fund	\$ 9,981,718	\$10,035,496	\$ 53,778
<u>Special Revenue Funds</u>			
Auxiliary Services	64,831	91,507	26,676
Teacher Development	5,787	12,129	6,342
Ohio Reads	0	2,000	2,000
Miscellaneous Federal Grants	201,268	257,047	55,779
<u>Capital Projects Funds</u>			
Classroom Facilities	15,075,848	15,372,392	296,544
SchoolNet	75,167	81,654	6,487

**CAMPBELL CITY SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

Contrary to Ohio Revised Code Section 5705.39, the following funds had appropriations in excess of estimated revenues plus available balances in the following funds:

<u>Fund Type</u>	<u>Fund</u>	<u>Excess Amount</u>
Special Revenue	Public Support	\$ 10,916
Special Revenue	Tee Time for Kids	7,039
Special Revenue	Disadvantaged Pupil Impact Aid	190,875
Special Revenue	ELO Grant	12,750
Special Revenue	Miscellaneous State Grants	5,000
Special Revenue	GOALS 2001	55,598
Special Revenue	Miscellaneous Federal Grants	22,622
Capital Projects	Permanent Improvement	14,010
Capital Projects	Classroom Facilities	7,026,272
Capital Projects	Telecommunity Grant	30,581
Capital Projects	Technology Equity	14,439

NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS

The District maintains a cash and investment pool used by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Equity in Pooled Cash and Cash Equivalents" and "Investments". State statutes require the classification of monies held by the 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 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 two year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

**CAMPBELL CITY SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001

NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)

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 accounts, including passbook accounts.

Protection of the 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 Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities 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 that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that 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) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

**CAMPBELL CITY SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001

NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)

6. The State Treasury Asset Reserve of Ohio (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time;
8. Under limited circumstances, corporate debt instruments rated in either of the two highest rating classifications by at least two nationally recognized rating agencies; and

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 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.

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

Deposits: At year end, the carrying amount of the District's deposits was \$(514,615) and the bank balance was \$23,336. These amounts include \$11,544 in nonnegotiable certificates of deposit. The District did not record a liability due to the "zero balance" nature of the account. The negative carrying amount of deposits is due to the sweeping of monies into overnight repurchase agreements which are reported as "investments". The entire bank balance was covered by federal depository insurance.

Collateral is required for demand deposits and certificates of deposits in excess of all deposits not covered by federal depository insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies, obligations of the State of Ohio and its municipalities, and obligations of the other states. Obligations pledged to secure deposits must be delivered to a bank other than the institution in which the deposit is made. Written custodial agreements are required.

**CAMPBELL CITY SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001

NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)

Investments: Investments are categorized to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered or securities held by the District. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department, but not in the District's name. Investments in U.S. government money market mutual funds are uncatagorized investments since they are not evidenced by securities that exist in physical or book entry form.

	Category 3	Reported Amount	Fair Value
Repurchase agreement	\$11,725,375	\$11,725,375	\$11,725,375
Federal agency securities	2,015,630	2,015,630	2,015,630
	\$13,741,005		
U.S. government money market mutual funds		820,727	820,727
Total investments		\$14,561,732	\$14,561,732

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 Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting".

**CAMPBELL CITY SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001

NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)

A reconciliation between the classifications of pooled cash and investments on the combined financial statements and the classifications of deposits and investments presented above per GASB Statement No. 3 is as follows:

	<u>Cash and Cash Equivalents/Deposits</u>	<u>Investments</u>
GASB Statement No. 9	\$ 14,035,573	\$ 11,544
Investments of the cash management pool:		
Federal agency securities	(2,015,630)	2,015,630
Repurchase agreements	(11,725,375)	11,725,375
U.S. government money market mutual fund	(820,727)	820,727
Certificate of Deposit	<u>11,544</u>	<u>(11,544)</u>
GASB Statement No. 3	<u>\$ (514,615)</u>	<u>\$14,561,732</u>

NOTE 5 - INTERFUND TRANSACTIONS

A. The following is a summarized breakdown of the District's operating transfers for fiscal year 2001:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 28,860	\$1,266,331
<u>Special Revenue Funds</u>		
Drug-Free Schools	---	262
Goals 2000	---	28,598
Debt Service Fund	99,531	---
<u>Capital Projects Fund</u>		
Permanent Improvement	<u>1,166,800</u>	<u>---</u>
Total	<u>\$1,295,191</u>	<u>\$1,295,191</u>

**CAMPBELL CITY SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

B. The following is a summarized breakdown of the District's interfund loans receivable and payable at June 30, 2001:

	<u>Interfund Loan Receivable</u>	<u>Interfund Loan Payable</u>
General Fund	\$50,862	\$ - - -
<u>Special Revenue Funds</u>		
Title I	- - -	2,826
Title VI	- - -	654
Miscellaneous Federal Grants	<u>- - -</u>	<u>47,382</u>
Totals	<u>\$50,862</u>	<u>\$50,862</u>

NOTE 6 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis. Distributions from the second half of the calendar year occur in a new fiscal year and are intended to finance the operations of that year. Property taxes include amounts levied against all real, public utility and tangible (used in business) property located in the District. Real property taxes and public utility taxes are levied after November 1 on the assessed value listed as of the prior January 1, the lien date. Assessed values are established by State law at 35% of appraised market value.

Public utility property taxes are assessed on tangible personal property, as well as land and improvements. Real property is assessed at 35% of market value and personal property is assessed at 100% of market value except for the personal property of rural electric companies which is assessed 50% of market and railroads which are assessed at 29%.

**CAMPBELL CITY SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

NOTE 6 - PROPERTY TAXES - (Continued)

Tangible personal property taxes attach as a lien and are levied on January 1 of the current year. Tangible personal property assessments are 25% of true value. The assessed value upon which the 2000 taxes were collected was \$73,375,920. Agricultural/Residential and public utility/minerals real estate represented \$55,202,630 or 75.23% of this total; Commercial & Industrial real estate represented \$6,626,980 or 9.03% of this total, public utility tangible represented \$4,440,280 or 6.05% of this total and general tangible property represented \$ 7,106,030 or 9.69% of this total. The voted general tax rate at the fiscal year ended June 30, 2001 was \$23.70 per \$1,000.00 of assessed valuation for operations, \$3.40 per \$1,000.00 of assessed valuation for debt service and \$0.50 per \$1,000.00 of assessed valuation for permanent improvements.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20.

The District receives property taxes from Mahoning County. The County Treasurer collects property taxes on behalf of the District. The County Auditor periodically remits to the District its portion of the taxes collected. These tax "advances" are based on statutory cash flow collection rates. Final "settlements" are made each February and August.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 2001. Although total property tax collections for the next fiscal year are measurable, they are not (exclusive of advances) intended to finance current year operations. The net receivable (total receivable less amount available intended to finance the current year) is therefore offset by a credit to deferred revenue. There were no tax advances available to the District at June 30, 2001.

NOTE 7 - RECEIVABLES

Receivables at June 30, 2001 consisted of taxes, accounts (billings for user charged services and student fees), accrued interest, interfund loans and intergovernmental grants and entitlements (to the extent eligibility requirements have been met). Intergovernmental receivables have been recorded as "Due From Other Governments" on the balance sheet. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable conditions of State programs and the current year guarantee of Federal funds.

**CAMPBELL CITY SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001

NOTE 7 - RECEIVABLES - (Continued)

A summary of the principal items of receivables follows:

	<u>Amounts</u>
<u>General Fund</u>	
Taxes - current and delinquent	\$3,421,297
Accounts	413
Due from other governments	10,705
Interfund loans	50,862
<u>Special Revenue Funds</u>	
Taxes-current and delinquent	52,305
Due from other governments	279,049
<u>Debt Service Fund</u>	
Taxes - current and delinquent	512,139
<u>Enterprise Fund</u>	
Due from other governments	9,292

NOTE 8 - FIXED ASSETS

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

	<u>Balance</u> <u>July 1, 2000</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>June 30, 2001</u>
Land/improvements	\$ 16,025	\$ ---	\$ ---	\$ 16,025
Buildings/improvements	3,407,277	19,138	---	3,426,415
Furniture/equipment	1,313,317	106,158	---	1,419,475
Vehicles/other	388,299	51,235	---	439,534
Construction in process	0	3,387,291	---	3,387,291
Total	<u>\$5,124,918</u>	<u>\$3,563,822</u>	<u>\$ 0</u>	<u>\$8,688,740</u>

The construction in progress at June 30, 2001, represents costs incurred to date for the Construction Project outlined in Note 9.A.

**CAMPBELL CITY SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

NOTE 8 - FIXED ASSETS - (Continued)

A summary of the proprietary fixed assets at June 30, 2001 follows:

Furniture and equipment	\$ 170,690
Less: accumulated depreciation	<u>(139,410)</u>
Net fixed assets	<u>\$ 31,280</u>

NOTE 9 - LONG-TERM OBLIGATIONS

A. During fiscal year 2000, the District issued general obligation bonds to provide funds for the construction of a new K-8 elementary/middle school building and renovations and additions to the high school (hereinafter called "Construction Project"). These bonds are general obligations of the District for which the full faith and credit of the District is pledged for repayment. Accordingly, such unmatured obligations of the District are accounted for in the general long-term obligations account group. Payments of principal and interest relating to this bond are recorded as an expenditure in the Debt Service fund. The source of payment is derived from a current 3.1 mill bonded debt tax levy for the building construction and a .2 mill bonded debt tax levy for land acquisition.

These bonds represent the amount of the Construction Project that the District itself was required to finance, in accordance with the terms of a facilities grant from the Ohio School Facilities Commission (OSFC). OSFC will make quarterly disbursements to the District as the project is completed. As of June 30, 2001, the total estimated cost of the Construction Project is \$27,106,432, of which OSFC will pay \$21,056,504.

In conjunction with the 3.3 mills which support the bond issue, the District also passed in fiscal 2000 a .5 mill levy to ultimately fund the maintenance costs of the new facilities. Tax revenue from this levy has been reported in the special revenue funds.

**CAMPBELL CITY SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

This issue is comprised of both current interest bonds, par value \$2,905,000, and capital appreciation bonds, par value \$465,000. The interest rates on the current interest bonds range from 4.80% to 5.75%. The capital appreciation bonds mature on December 1, 2012 (effective interest 14.5190641%), December 1, 2013 (effective interest 14.5190511%), and December 1, 2014 (effective interest 14.5191251%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The present value (as of issue date) reported in the general long-term obligations account group at June 30, 2001 was \$114,000. A total of \$11,625 in accreted interest on the capital appreciation bonds has been included in the general long-term obligations account group at June 30, 2001. The current interest bonds maturing on or after December 1, 2010 are subject to early redemption at the sole option of the District, at the following redemption prices, plus accrued interest:

<u>Redemption Dates</u>	<u>Redemption Price</u>
December 1, 2010 through November 30, 2011	102% of par
December 1, 2011 through November 30, 2012	101% of par
December 1, 2012 and thereafter	100% of par

Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The final maturity stated in the issue is December 1, 2022.

The following is a schedule of activity for fiscal 2001 on the general obligation bonds:

	<u>Restated Balance July 1, 2000</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2001</u>
Current interest bonds	\$2,905,000	\$ - - -	\$(165,000)	\$2,740,000
Capital appreciation bonds	<u>114,000</u>	<u>11,625</u>	<u>- - -</u>	<u>125,625</u>
Total G.O. bonds	<u>\$3,019,000</u>	<u>\$11,625</u>	<u>\$(165,000)</u>	<u>\$2,865,625</u>

**CAMPBELL CITY SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

The following is a summary of the future debt service requirements to maturity for the general obligation bonds:

Fiscal Year Ending	Current Interest Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2002	\$ 90,000	\$ 143,560	\$ 233,560	\$ ---	\$ ---	\$ ---
2003	95,000	142,120	237,120	---	---	---
2004	95,000	137,560	232,560	---	---	---
2005	100,000	132,830	232,830	---	---	---
2006	105,000	127,808	232,808	---	---	---
2007 - 2011	620,000	551,456	1,171,456	---	---	---
2012 - 2016	300,000	427,701	727,701	465,000	0	465,000
2017 - 2021	900,000	260,187	1,160,187	---	---	---
2022 - 2023	<u>435,000</u>	<u>25,444</u>	<u>460,444</u>	<u>---</u>	<u>---</u>	<u>---</u>
Total	<u>\$2,740,000</u>	<u>\$1,948,666</u>	<u>\$4,688,666</u>	<u>\$465,000</u>	<u>\$ 0</u>	<u>\$465,000</u>

- B.** The District issued energy conservation notes to provide for energy improvements to various District buildings. The primary source of repayment of this note is through energy savings as a result of the improvements.

Payments of principal and interest relating to this liability are recorded as expenditures in the debt service fund. The unmatured obligations at year end are accounted for in the general long-term obligations account group.

The following is a description of the District's notes outstanding as of June 30, 2001:

	Interest Rate	Issue Date	Maturity Date	Outstanding July 1, 2000	Retired in 2001	Outstanding June 30, 2001
Energy Conservation Notes	5.15%	05/23/96	11/30/04	<u>\$388,623</u>	<u>\$(78,845)</u>	<u>\$309,778</u>

**CAMPBELL CITY SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

The following is a summary of the District's future annual debt service requirements to maturity for the asbestos abatement and energy conservation notes:

<u>Fiscal Year Ending</u>	<u>Principal on Notes</u>	<u>Interest on Notes</u>	<u>Total</u>
2002	\$ 82,957	\$14,899	\$ 97,856
2003	87,284	10,572	97,856
2004	91,837	6,019	97,856
2005	<u>47,700</u>	<u>1,228</u>	<u>48,928</u>
Total	<u>\$309,778</u>	<u>\$32,718</u>	<u>\$342,496</u>

- C. On August 8, 1999, the District issued \$3,019,000 in bond anticipation notes to begin the Construction Project under the terms outlined by the OSFC. These notes bear an annual interest rate of 4.66% and mature on August 8, 2000. These bond anticipation notes were retired using proceeds from the District's \$3,019,000 general obligation bond issue described in Note 9.A. In accordance with FASB Statement No. 6, "Classification of Short-Term Obligations Expected to Be Refinanced," the bond anticipation notes were considered long-term obligations. A summary of bond anticipation note transactions for the year ended June 30, 2001 follows:

	<u>Principal Outstanding June 30, 2000</u>	<u>Additions</u>	<u>Reductions</u>	<u>Principal Outstanding June 30, 2001</u>
<u>Capital Projects Funds</u>				
Bond Anticipation				
Notes - 4.66%	<u>\$3,019,000</u>	<u>\$ ---</u>	<u>\$(3,019,000)</u>	<u>\$ 0</u>

The bond anticipation notes were retired from the capital projects funds, the funds which received the proceeds from the bond issue.

**CAMPBELL CITY SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

D. During the year ended June 30, 2001, the following changes occurred in the liabilities reported in the general long-term obligations account group. Compensated absences are presented net of actual increases and decreases because of the practicality of determining these values. Compensated absences and pension obligations will be paid from the fund in which the employee was paid.

	Restated Balance <u>July 1, 2000</u>	<u>Increase</u>	<u>Decrease</u>	Balance <u>June 30, 2001</u>
General obligation bonds	3,019,000	\$11,625	\$ (165,000)	\$2,865,625
Bond anticipation note payable	3,019,000	---	(3,019,000)	0
Energy conservation notes payable	388,623	---	(78,845)	309,778
Compensated absences	519,778		(64,351)	455,427
Pension obligation payable	<u>75,424</u>	<u>73,343</u>	<u>(75,424)</u>	<u>73,343</u>
Total	<u>\$7,021,825</u>	<u>\$84,968</u>	<u>\$(3,402,620)</u>	<u>\$3,704,173</u>

E. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The effects of these debt limitations at June 30, 2001 are a voted debt margin of \$3,776,727 (including available funds of \$38,519) and an unvoted debt margin of \$73,376.

**CAMPBELL CITY SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001

NOTE 10 - RISK MANAGEMENT

A. Property, Fleet, and Liability Insurance

The 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. The District maintains comprehensive commercial insurance coverage for real property, building contents, vehicles, boilers, electronic data processing equipment and instruments. The comprehensive commercial insurance coverage limits are \$26,000,000 and a deductible of \$3,000. The business auto coverage limits are \$500,000 for liability and uninsured motorists.

The District has liability insurance coverage limits of \$1,000,000 per claim and \$1,000,000 annual aggregate. Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

B. Medical Benefits

The District has joined together with other school districts in Mahoning County to form the Mahoning County Employee Insurance Consortium, a public entity shared risk pool, currently operating as a common risk management and insurance program for 13 member school districts. The plan was organized to provide health, dental, and vision benefits to its member organizations.

Rates are calculated and set through an annual update process. The District pays a monthly contribution which is placed in a common fund from which claims or payments are made for all participating districts and claims are paid for all participants regardless of claims flow. The District is responsible for paying health plan claims up to \$135,000 per individual per year. Any claims exceeding the \$135,000 is covered by the District's stop-loss carrier.

The District pays the insurance premiums for all full time employees and 50% of the premium for part time employees who are the head of a household.

The health, dental, and vision coverage is administered by Professional Risk Management, a third party administrator.

**CAMPBELL CITY SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001

NOTE 10 - RISK MANAGEMENT - (Continued)

C. Worker's Compensation

The District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (see Note 2.A.). The GRP's business and affairs are conducted by a three member board of directors consisting of the President, the President-Elect and the Immediate Past President of the Ohio School Boards Association. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The worker's compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control, and actuarial services to the GRP.

**CAMPBELL CITY SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001

NOTE 11 - SEGMENT INFORMATION - ENTERPRISE FUNDS

The District maintains two enterprise funds to account for the operations of food service and uniform school supplies. The following table reflects, in a summarized format, the more significant financial data relating to the enterprise funds of the District as of and for the year ended June 30, 2001.

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Total</u>
Operating revenue	\$ 78,820	\$1,654	\$ 80,474
Operating expenses before depreciation	465,061	---	465,061
Depreciation	3,182	---	3,182
Operating income (loss)	(389,423)	1,654	(387,769)
Operating grants	354,541	---	354,541
Net income	2,740	1,654	4,394
Fixed asset additions	3,335	---	3,335
Net working capital	140,280	7,328	147,608
Total assets	203,874	7,328	211,202
Total liabilities	42,754	---	42,754
Total equity	161,120	7,328	168,448
Encumbrances at 06/30/01	30,563	---	30,563

**CAMPBELL CITY SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001

NOTE 12 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The 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 plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634, or by calling (614) 222-5853.

Plan members are required to contribute 9% of their annual covered salary and the District is required to contribute 14% for 2001; 4.2% was the portion to fund pension obligations. The contribution rates are not determined actuarially, but are established by the School Employees Retirement Board within the rates allowed by State statute. The adequacy of the contribution rates is determined annually. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$194,707, \$286,078, \$195,882, and respectively; 48.97% has been contributed for fiscal year 2001 and 100% for the fiscal years 2000 and 1999. \$99,358, representing the unpaid contribution for fiscal year 2001, is recorded as a liability within the respective funds and the general long-term obligations account group.

B. State Teachers Retirement System

The 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 and survivor benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone 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, or by calling (614) 227-4090.

**CAMPBELL CITY SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

STRS issues a publicly available financial report that includes financial statements and required supplementary information for STRS. 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% of their annual covered salary and the District is required to contribute 14%; 9.5% was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. The District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2001, 2000 and 1999 were \$688,057, \$888,614, \$804,778, and respectively; 82.30% has been contributed for fiscal year 2001 and 100% for the fiscal years 2000 and 1999. \$121,800, representing the unpaid contribution for fiscal year 2001, is recorded as a liability within the respective funds.

NOTE 13 - POSTEMPLOYMENT BENEFITS

The District provides comprehensive health care benefits to retired teachers and their dependents through STRS and to retired non-certified employees and their dependents through SERS. Benefits include hospitalization, physicians' fees, prescription drugs, and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by STRS and SERS based on authority granted by State statute. Both STRS and SERS 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 Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14% of covered payroll. For this fiscal year, the Board allocated employer contributions equal to 4.5% of covered payroll to the Health Care Reserve Fund. For the District, this amount equaled \$221,161 during fiscal 2001.

**CAMPBELL CITY SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

NOTE 13 - POSTEMPLOYMENT BENEFITS - (Continued)

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Health Care Reserve Fund was \$3.419 billion at June 30, 2000 (the latest information available). For the year ended June 30, 2000 (the latest information available), net health care costs paid by STRS were \$283.137 million and STRS had 99,011 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more years of qualifying service credit, and 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.

For this fiscal year, employer contributions to fund health care benefits were 9.8% of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2001, the minimum pay has been established at \$12,400. The surcharge, added to the unallocated portion of the 14% 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% of annual health care expenses. Expenses for health care at June 30, 2000 (the latest information available), were \$140.7 million and the target level was \$211.0 million. At June 30, 2000 (the latest information available), SERS had net assets available for payment of health care benefits of \$252.3 million and SERS had approximately 50,000 participants receiving health care benefits. For the District, the amount to fund health care benefits, including surcharge, equaled \$154,010 during the 2001 fiscal year.

**CAMPBELL CITY SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001

NOTE 14 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance is done on a GAAP basis, the budgetary basis, as provided by law, is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The Combined Statement of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual - All Governmental Fund Types is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, encumbrances are recorded as the equivalent of an expenditure (budget basis) as opposed to a reservation of fund balance for governmental funds (GAAP basis).

**CAMPBELL CITY SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001

NOTE 14 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the governmental funds are as follows:

**Excess of Revenues and Other Financing
Sources Over/(Under) Expenditures and Other
Financing Uses**

	Governmental Fund Types			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Budget basis	\$(65,376)	\$ 90,045	\$(69,111)	\$(5,667,562)
Net adjustment for revenue accruals	11,088	164,050	---	21,100
Net adjustment for expenditure accruals	107,162	(87,981)	---	(953,896)
Net adjustment for other financing sources (uses)	(90,057)	38,676	---	(4,056)
Encumbrances (budget basis)	<u>114,556</u>	<u>55,364</u>	<u>---</u>	<u>10,684,491</u>
GAAP basis	<u>\$ 77,373</u>	<u>\$260,154</u>	<u>\$(69,111)</u>	<u>\$ 4,080,077</u>

**CAMPBELL CITY SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001

NOTE 15 - CONTINGENCIES

A. Grants

The District receives significant financial assistance from numerous federal, state and local agencies in the form of grants. The disbursement 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 effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the District at June 30, 2001.

B. Litigation

The District is not currently a party to any legal proceedings that could have a material effect on the financial statements.

C. State School Funding Decision

On September 6, 2001, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision identified aspects of the current plan that require modification if the plan is to be considered constitutional, including:

- A change in the school districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to school districts as a result of this change must be retroactive to July 1, 2001, although a time line for distribution is not specified.
- Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006.

The Supreme Court relinquished jurisdiction over the case based on anticipated compliance with its order.

**CAMPBELL CITY SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001

NOTE 15 - CONTINGENCIES - (Continued)

In general, it is expected that the decision would result in an increase in State funding for most Ohio school districts. However, as of August 27, 2002, the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts. Further, the State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001.

On November 2, 2001, the Court granted this motion for reconsideration. The Court may re-examine and redetermine any issue upon such reconsideration.

As of the date of these financial statements, the District is unable to determine what effect, if any, this decision and the reconsideration will have on its future State funding and on its financial operations.

NOTE 16 - STATUTORY RESERVES

The District is required by State law to set-aside certain general fund revenue amounts, as defined by Statute, into various reserves. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2001, the reserve activity was as follows:

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>
Set-aside cash balance as of June 30, 2000	\$ 6,316	\$ 0	\$ 204,774
Current year set-aside requirement	187,867	187,867	---
Elimination of budget stabilization reserve	---	---	(204,774)
Current year offsets	---	(1,166,800)	---
Qualifying disbursements	<u>(176,930)</u>	<u>(137,834)</u>	<u>---</u>
Total	<u>\$ 17,253</u>	<u>\$(1,116,767)</u>	<u>\$ 0</u>
Cash balance carried forward to FY 2002	<u>\$ 17,253</u>	<u>\$ 0</u>	<u>\$ 0</u>

**CAMPBELL CITY SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

NOTE 16 - STATUTORY RESERVES - (Continued)

Am. Sub. Senate Bill 345 amended ORC Section 5705.29 effectively eliminating the requirement for the District to establish and maintain a budget stabilization reserve. As of June 30, 2001, the School Board has not, by resolution, taken action to designate these funds for a specific use. Monies representing BWC refunds that were received prior to April 10, 2001, have been shown as a restricted asset and reserved fund balance in the general fund since allowable expenditures are restricted by State statute. All remaining monies previously reported in the budget stabilization reserve are now reported as unreserved and undesignated fund balance in the general fund. The District is still required by state law to maintain the textbook reserve and capital acquisition reserve.

Although the District had offsets and qualifying disbursements during the year that reduced the set-aside amounts below zero for the capital acquisition reserve, this extra amount may not be used to reduce the set-aside requirement for future years. The negative amount is therefore not presented as being carried forward to the next fiscal year.

A schedule of the restricted assets at June 30, 2001 follows:

Amount restricted for textbooks	\$17,253
Amount restrict for BWC refunds	<u>80,192</u>
Total restricted assets	<u>\$97,445</u>

NOTE 17 - CONTRACTUAL COMMITMENTS

As of June 30, 2001, the District has awarded a total of \$23,378,503 in construction contracts related to the Construction Project outlined in Note 9.A. As of June 30, 2001, a total of \$2,085,766 has been paid on these contracts, leaving a balance in contractual commitments outstanding of \$21,292,737.

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**CAMPBELL CITY SCHOOL DISTRICT
MAHONING COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2001**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<u>U.S. DEPARTMENT OF AGRICULTURE</u>						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Distribution Program		10.550		\$30,170		\$29,892
National School Breakfast Program		10.553	\$81,903		\$81,903	
National School Lunch Program		10.555	226,731		226,731	
Total U.S. Department of Agriculture - Nutrition Cluster			308,634	30,170	308,634	29,892
<u>U.S. DEPARTMENT OF EDUCATION</u>						
<i>Passed Through Ohio Department of Education:</i>						
Adult and Community Education Grant	AB-S1-01	84.002			5,124	
Title I Local Educational Agencies Grants	C1-S1-00	84.010	204,581		204,581	
	C1-S1-01		318,848		318,848	
<i>Subtotal - Title I Local Educational Agencies Grants</i>			523,429		523,429	
Special Education Cluster:						
Title VI-B Special Education Grants	SB-SF-00	84.027	70,225		85,709	
	SB-SF-01		69,764		25,539	
<i>Subtotal - Title VI-B Special Education Grants - Special Education Cluster</i>			139,989		111,248	
Safe and Drug Free Schools Grants	DR-S1-00	84.186	6,805		4,168	
	DR-S1-01		10,172		902	
<i>Subtotal - Safe and Drug Free Schools Grants</i>			16,977		5,070	
Goals 2000 Grants	G2-S1-00	84.276	28,598		28,598	
	G2-S1-01		27,000			
<i>Subtotal - Goals 2000 Grants</i>			55,598		28,598	
Eisenhower Grant	MS-S1-01	84.281	9,779		8,693	
Innovative Educational Program Strategies Grants	C2-S1-00	84.298	5,641		5,641	
Technical Literacy Challenge Fund Grants	TF-S1-00	84.318	150,000		150,000	
Class Size Reduction Grant	CR-S1-01	84.340	39,810		39,810	
Total U.S. Department of Education			941,223		877,613	
TOTAL FEDERAL FINANCIAL ASSISTANCE			\$1,249,857	\$30,170	\$1,186,247	\$29,892

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

**CAMPBELL CITY SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FISCAL YEAR ENDED JUNE 30, 2001**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - FOOD DISTRIBUTION

Non-monetary 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, 2001, the District had no significant food commodities in inventory.

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

Voinovich Government Center
242 Federal Plaza West
Suite 302
Youngstown, Ohio 44503
Telephone 330-797-9900
800-443-9271
Facsimile 330-797-9949
www.auditor.state.oh.us

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

Campbell City School District
Mahoning County
280 Sixth Street
Campbell, Ohio 44405

To the Board of Education:

We have audited the financial statements of the Campbell City School District, Mahoning County, (the District) as of and for the year ended June 30, 2001, and have issued our report thereon dated August 27, 2002. 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 Campbell City 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2001-11150-001 and 2001-11150-002. We also noted certain immaterial instances of noncompliance that we have reported to management of Campbell City School District in a separate letter dated August 27, 2002.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Campbell City 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 Campbell City School District in a separate letter dated August 27, 2002.

This report is intended for the information and use of the audit committee, management, the 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, appearing to read "Jim Petro". The signature is stylized with a large loop at the end of the last name.

Jim Petro
Auditor of State

August 27, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

Voinovich Government Center
242 Federal Plaza West
Suite 302
Youngstown, Ohio 44503
Telephone 330-797-9900
800-443-9271
Facsimile 330-797-9949
www.auditor.state.oh.us

**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Campbell City School District
Mahoning County
280 Sixth Street
Campbell, Ohio 44405

To the Board of Education:

Compliance

We have audited the compliance of the Campbell City School District, Mahoning County, (the 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, 2001. The District's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the District's management. Our responsibility is to express an opinion on Campbell City 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 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 District's compliance with those requirements.

In our opinion, Campbell City 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, 2001. However, we noted a certain instance of noncompliance that does not require inclusion in this report that we have reported to management of Campbell City School District in a separate letter dated August 27, 2002.

Internal Control Over Compliance

The management of the Campbell City School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

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. However, we noted other matters involving the internal control over federal compliance that do not require inclusion in this report, that we have reported to management of Campbell City School District in a separate letter dated August 27, 2002.

This report is intended for the information and use of the audit committee, Board of Education, management, 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.



Jim Petro
Auditor of State

August 27, 2002

**CAMPBELL CITY SCHOOL DISTRICT
MAHONING COUNTY**

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2001

1. SUMMARY OF AUDITOR'S RESULTS
--

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Nutrition Cluster CFDA# 10.550 10.553 10.555
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

Finding Number	
-----------------------	--

2001-11150-001

Ohio Revised Code § 5705.41 (B) states no subdivision or taxing unit is to expend money unless it has been appropriated. The District expended monies without the necessary appropriations in the following funds:

<u>Fund</u>	<u>Appropriations</u>	<u>Disbursements</u>	<u>Violation Amount</u>
General Fund	\$9,981,718	\$10,035,496	\$ 53,778
Special Revenue Funds			
Auxiliary Services	64,831	91,507	26,676
Teacher Development	5,787	12,129	6,342
Ohio Reads	0	2,000	2,000
Misc. Federal Grants	201,268	257,047	55,779
Capital Projects Funds			
OSFC Classroom Facilities	15,075,848	15,372,392	296,544
School Net	75,167	81,654	6,487

This situation can lead to the District incurring an obligation for which funds are not available and causing the District to borrow from other funds, further risking placing the general fund in a deficit balance.

We recommend budgetary variances be monitored closely in order to amend appropriations as required to ensure the District does not incur obligations for which funds are not available.

2001-11150-002

Ohio Revised Code § 5705.39, prohibits a political subdivision or taxing unit from making a fund appropriation in excess of the estimated revenue available for expenditure from that fund. The following funds were found to have appropriations in excess of the amount certified as available by the budget commission:

<u>Fund</u>	<u>Appropriations</u>	<u>Total Certified Resources</u>	<u>Violation Amount</u>
Special Revenue Funds			
Public Support	22,029	11,113	10,916
Tee Time for Kids	7,039	0	7,039
DPIA	1,383,572	1,192,697	190,875
ELO Grant	12,750	0	12,750
Misc. State Grants	82,164	77,164	5,000
Goals 2001	55,598	0	55,598
Misc. Federal Grants	199,978	177,356	22,622
Capital Projects Funds			
Permanent Improvements	27,638	13,628	14,010
Classroom Facilities	14,990,419	7,964,147	7,026,272
Telecommunity Grant	30,581	0	30,581
Technology Equity	20,031	5,592	14,439

This situation can lead to the District incurring an obligation for which funds are not available and causing the District to borrow from other funds, further risking placing the general fund in a deficit balance.

We recommend budgetary variances be monitored closely in order to amend appropriations as required to ensure the District does incur obligations for which funds are not available.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

CAMPBELL CITY SCHOOL DISTRICT

MAHONING 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
OCTOBER 8, 2002**