



Dave Yost • Auditor of State

**CITY OF CAMPBELL
MAHONING COUNTY**

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MAHONING COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

City of Campbell
Mahoning County
351 Tenney Avenue
Campbell, Ohio 44405

To the City Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Campbell, Mahoning County, Ohio, (the "City") as of and for the years ended December 31, 2011 and 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Auditor of State served during the years ended December 31, 2011 and 2010 as the City's financial supervisor under Ohio Revised Code § 118.05 (G). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the City because the Auditor of State may assume broad management powers, duties and functions under Ohio Revised Code § 118.04. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 118.05 (G) requires the Auditor of State to provide these supervisory services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. We believe that our audit provides a reasonable basis for our opinions.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Campbell, Mahoning County, Ohio, as of December 31, 2011 and 2010, and the respective changes in modified cash financial position and the respective budgetary comparisons for the General, Park and Federal Emergency Management Agency funds thereof for the year ended December 31, 2011, and the General and Park funds thereof for the year ended December 31, 2010 in conformity with the basis of accounting Note 2 describes.

Voinovich Government Center, 242 Federal Plaza W. Suite 302, Youngstown, Ohio 44503-1293

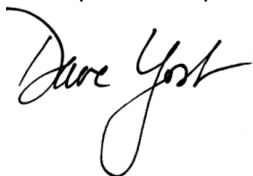
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As described in Note 1 to the financial statements, the City is experiencing financial difficulties and has been declared to be in fiscal emergency under criteria established by Ohio Revised Code Chapter 118. Management's plans in regard to this matter are also discussed in Note 1. In addition, as described in Note 5, during 2010 the City of Campbell adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 16, 2012, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

We conducted our audit to opine on the City's financial statements taken as a whole. Management's Discussion & Analysis includes tables of net assets, changes in net assets, governmental activities and long-term obligations. These tables provide additional information, but are not part of the basic financial statements. However these tables are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. These tables were subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion & Analysis, and we express no opinion or any other assurance on it.



Dave Yost
Auditor of State

July 16, 2012

City of Campbell, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2011
Unaudited

The discussion and analysis of the City of Campbell's financial performance provides an overall review of the City's financial activities for the fiscal year ended December 31, 2011. The intent of this discussion and analysis is to look at the City's financial performance as a whole. Readers are encouraged to consider the information presented here in conjunction with the additional information contained in the financial statements and notes to enhance their understanding of the City's financial performance.

Financial Highlights

The City faced numerous challenges during 2011. The major challenges were to reduce expenditures in the general fund, street fund and water operating fund as well as maintain a balanced budget in all other funds.

- The City of Campbell utilized the services of the Regional Income Tax Agency (R.I.T.A.) during 2011. R.I.T.A. administers and collects the City's income taxes as of January 1, 2005. As a result, income tax collections for the City's general fund are remaining consistent with the prior year; due in part to accelerated collections of delinquencies, collecting from prior non-filers, and enforcing payment of quarterly estimated taxes by individuals.
- Major Grants: The major grants received by the City are CDBG, CHIP and Small Cities Formula Allocation Grants.

Using the Basic Financial Statements.

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

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the City as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the City as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

City of Campbell, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2011
Unaudited

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The City has elected to present its financial statements on a modified cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the City's modified cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

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

Reporting the City of Campbell as a Whole

Statement of Net Assets and the Statement of Activities

The statement of net assets and the statement of activities reflect how the City did financially during 2011, within the limitations of modified cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental and business-type activities of the City at year end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the City's general receipts.

These statements report the City's cash position and the changes in cash position. Keeping in mind the limitations of the modified cash basis of accounting, you can think of these changes as one way to measure the City's financial health. Over time, increases or decreases in the City's cash position is one indicator of whether the City's financial health is improving or deteriorating. When evaluating the City's financial condition, you should also consider other non-financial factors as well such as the City's property tax base, the condition of the City's capital assets and infrastructure, the extent of the City's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and income taxes.

In the statement of net assets and the statement of activities, we divide the City into two types of activities:

Governmental activities - Most of the City's programs and services are reported here, including general government, security of persons and property, leisure time activities, community environment and transportation. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the City's programs. The programs reported in the governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

Business-type activities - When the City charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The City has two enterprise funds, the water and sewer funds.

City of Campbell, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2011
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Reporting the City's Most Significant Funds of the City of Campbell

Fund Financial Statements

The analysis of the City's major funds begins on page 16. The fund financial reports give a detailed report of the activities within the funds. The City currently has thirty-five funds. These funds are in existence to provide a multitude of services to the citizens of Campbell. Each fund is in some ways an entity unto itself. Each fund has a designed revenue stream and restricted uses for the monies within the fund.

Governmental funds All of the City's major activities (excluding the water and sewer fund) are reported in the governmental funds. This report shows how monies flow into and out of these funds and also shows what balances are available for future expenditures. The accounting method used to report this activity is the cash method. This method reports cash and like-cash items that can be converted to cash. This shows what level of financial resources is available or will be available to provide the services that the general government provides in the near future. These services include police and fire protection, as well as improving and maintaining the City's streets, parks, and city hall. The City's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The City's major governmental funds are the general fund, park and FEMA special revenue funds.

Proprietary Funds Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match.

Fiduciary Funds Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs.

The City as a Whole

Table 1 provides a summary of the City's net assets for 2011 compared to 2010 on a modified cash basis:

Table 1
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Assets						
Equity in Pooled Cash and Cash Equivalents	\$3,372,229	\$2,146,066	\$877,954	\$854,251	\$4,250,183	\$3,000,317
Investments	14,035	14,073	0	0	14,035	14,073
Total Assets	\$3,386,264	\$2,160,139	\$877,954	\$854,251	\$4,264,218	\$3,014,390
Net Assets						
Restricted for:						
Capital Projects	\$29,486	\$56,100	\$0	\$0	\$29,486	\$56,100
Other Purposes	2,278,449	1,270,168	0	0	2,278,449	1,270,168
Unrestricted	1,078,329	833,871	877,954	854,251	1,956,283	1,688,122
Total Net Assets	\$3,386,264	\$2,160,139	\$877,954	\$854,251	\$4,264,218	\$3,014,390

City of Campbell, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2011
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Net assets of governmental activities increased during 2011. The primary reasons contributing to the increases in cash balances are an increase in grants received, an increase in charges for services program revenue which constitutes fees, licenses and permits and charges for services and an increase in both property tax and income tax revenue due to collections beginning on a new property tax levy and fewer delinquencies in income tax collections. The City is also making an effort to keep expenditures to a minimum which includes reductions in hospitalization and other employee benefit costs as a result of staff reductions and retirements.

Table 2 reflects the changes in net assets in 2011 from 2010.

Table 2
Change in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues						
Program Revenues						
Charges for Services	\$610,966	\$531,136	\$1,821,089	\$1,869,129	\$2,432,055	\$2,400,265
Operating Grants and Contributions	1,698,598	943,653	0	0	1,698,598	943,653
Capital Grants	21,398	235,602	0	0	21,398	235,602
Total Program Revenues	2,330,962	1,710,391	1,821,089	1,869,129	4,152,051	3,579,520
General Revenues						
Property Taxes	558,682	381,416	0	0	558,682	381,416
Income Taxes	1,701,560	1,545,086	0	0	1,701,560	1,545,086
Grants and Entitlements	378,516	396,277	0	0	378,516	396,277
Investment Earnings	3,373	4,638	0	0	3,373	4,638
Miscellaneous	365,705	112,713	25,551	26,547	391,256	139,260
Total General Revenues	3,007,836	2,440,130	25,551	26,547	3,033,387	2,466,677
Total Revenues	5,338,798	4,150,521	1,846,640	1,895,676	7,185,438	6,046,197
Program Expenses						
General Government	1,155,506	1,049,219	0	0	1,155,506	1,049,219
Security of Persons and Property:						
Police	1,280,377	1,126,440	0	0	1,280,377	1,126,440
Fire	490,441	490,812	0	0	490,441	490,812
Leisure Time Activities	180,798	133,916	0	0	180,798	133,916
Community Environment	449,464	624,353	0	0	449,464	624,353
Transportation	399,110	536,012	0	0	399,110	536,012
Principal Retirement	121,815	114,718	0	0	121,815	114,718
Interest and Fiscal Charges	35,162	42,260	0	0	35,162	42,260
Water	0	0	1,684,996	1,777,549	1,684,996	1,777,549
Sewer	0	0	137,941	106,193	137,941	106,193
Total Program Expenses	4,112,673	4,117,730	1,822,937	1,883,742	5,935,610	6,001,472
Change in Net Assets	1,226,125	32,791	23,703	11,934	1,249,828	44,725
Net Assets Beginning of Year	2,160,139	2,127,348	854,251	842,317	3,014,390	2,969,665
Net Assets End of Year	\$3,386,264	\$2,160,139	\$877,954	\$854,251	\$4,264,218	\$3,014,390

Program revenues represent over half of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money, fine money allocated to and

City of Campbell, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2011
Unaudited

restricted for use by the municipal court and grant money restricted by the State and Federal granting agencies. In addition, a large portion of program revenue receipts are revenues received in the water fund for water usage.

General receipts represent less than half of the total receipts, and of this amount, the majority are taxes. Grants and entitlements not restricted for any purpose make a small percent of general receipts. Investment earnings and miscellaneous receipts are insignificant and are somewhat unpredictable revenue sources.

Disbursements for general government represent the overhead costs of running the City and the support services provided for the other governmental activities. These include the costs of council, the mayor, administration, law, finance (income tax, central cash, accounts payable, and payroll), and the Municipal Court.

Security of persons and property are the costs of police and fire protection; leisure time activities are the costs of maintaining the parks and playing fields; community environment represents expenditures for private residential rehab and other activities through the CHIP program, and other activities which include road paving under the Small Cities Formula Allocation Program, both of which are funded with Federal Community Development Block Grants. Transportation is the cost of maintaining the roads.

A separate five-year, three mills Safety Forces Levy provides approximately \$200,000 net of County Auditor and Treasurer's fees annually, allocated \$100,000 each to offset salaries from the Police and Fire Departments.

Debt service on the debt issued to acquire assets in the governmental-type activities is paid from income tax, real estate and personal property tax, gas tax, interest income, fees, licenses, permits and other various revenue sources.

Outstanding debt due to governmental-type activities was the result of payments on a street paving loan, lease-purchase of a fire truck, and payments on the prior accrued liability for the police and fire pension funds.

In the business-type activities, user fees from a specific monthly charge per account are the primary revenue source for the repayment of debt. A decrease in debt from the business-type activities was the result of making OWDA and OPWC payments during the year.

Governmental Activities

If you look at the Statement of Activities on pages 14 and 15, you will see that the first column lists the major services provided by the City. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are general government, security of persons and property, leisure time activities, community environment and transportation. The next three columns of the Statement of Activities entitled Program Cash Receipts identify the amounts paid by people who are directly charged for the service and grants received by the government that must be used to provide a specific service. The Disbursements Receipt column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service, which is predominately money provided by local taxpayers. These net costs are paid from the general receipts that are presented at the bottom of the Statement of Activities.

A comparison between the total cost of services and the net cost of services is presented in Table 3.

City of Campbell, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2011
Unaudited

(Table 3)

	Governmental and Business- Type Activities		Governmental and Business- Type Activities	
	Total Cost Of Services	Net Cost of Services	Total Cost Of Services	Net Cost of Services
	2011	2011	2010	2010
Governmental Activities:				
General Government	\$1,155,506	\$850,916	\$1,049,219	\$764,088
Security of Persons and Property				
Police	1,280,377	1,000,843	1,126,440	921,887
Fire	490,441	(317,239)	490,812	401,233
Leisure Time Activities	180,798	170,908	133,916	107,297
Community Environment	449,464	(60,863)	624,353	131,455
Transportation	399,110	(19,831)	536,012	(75,599)
Principal Retirement	121,815	121,815	114,718	114,718
Interest and Fiscal Charges	35,162	35,162	42,260	42,260
Business-Type Activities:				
Water	1,684,996	14,927	1,777,549	58,399
Sewer	137,941	(13,079)	106,193	(43,786)
<i>Total Expenses</i>	<u>\$5,935,610</u>	<u>\$1,783,559</u>	<u>\$6,001,472</u>	<u>\$2,421,952</u>

The dependence upon property and income tax receipts is apparent as \$1,781,711, or over 43 percent of governmental activities are supported through these receipts.

Funding for governmental activities is derived from several sources, the largest of which is the City's municipal income tax. The income tax rate is 2.50 percent and it generated \$1,701,560 in revenue for 2011, accounting for approximately 31.87 percent of governmental activities revenue. The revenue collected from the income tax was receipted into the following funds: 90 percent went to the general fund and 10 percent to the parks operating fund. Unrestricted State shared revenues (local government funds) received through the County for 2011 were \$378,516 and represent about 7.09 percent of governmental activities revenue.

The City of Campbell continues to suffer continued erosion of the tax base due to additional loss of jobs, a decline in the number of taxpayers, an aging population, retirement of residents with high paying jobs working in other communities and relocation of younger citizens to other area communities and outside of the local area due to the lack of jobs.

Other factors affecting revenues and expenditures in the governmental activities include, but are not limited to the following:

- An increase in property taxes, due to the additional property tax levy passed November 2, 2010, of which the City began receiving collections on in 2011.
- A decrease in Local Government Funding from 2010 to 2011 due to cuts made by the State of Ohio.

City of Campbell, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2011
Unaudited

Business-Type Activities

The water operation of the City is relatively small and routinely reports receipts and cash disbursements that relatively equal. The infrastructure is beginning to age and the City has begun discussing the need for major repairs and how to fund those repairs. We have also received notification from the Ohio EPA that improvements may be necessary to satisfy new water quality standards.

The City's Funds

Information about the City's governmental funds begins on page 16. Total governmental funds had revenues that exceeded expenditures. The funds are monitored monthly with adjustments made periodically during the year in budgets to accommodate yearly revenues.

The general fund had receipts that exceeded cash disbursements and encumbrances. The increase in fund balance was attributable to the greater amount of grant revenues collected. The City was still constrained on further reductions due to minimum manning clauses and other restrictions upon management to reduce expenditures contained in various labor agreements.

Information about the proprietary funds starts on page 21. Both business-type funds had operating revenues which exceeded operating expenses. The excess in revenues over expenses was due in large part to a decrease in program expenditures and an increase in water rates. This excess is offset by the principal and interest payments on the water plant outstanding debt which causes an actual decrease in net assets.

The City continually reviews revenues and expenditures of these funds and the necessary adjustments are made to ensure strength in our enterprise funds.

General Fund Budgeting Highlights

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

During 2011, the City amended its general fund budget to reflect changing circumstances.

The City's final budgeted receipts were less than actual receipts. This was due to greater than expected collections of income tax, intergovernmental, charges for services and miscellaneous revenues due to the concentrated effort to seek additional grant monies where available and to collect charges for services rendered.

Final budgeted expenditures were more than actual expenditures primarily due to controlling general government costs.

Capital Assets and Debt Administration

Capital Assets

The City paid Valuation Engineers to do a complete inventory of its capital assets and infrastructure. In anticipation of producing an accrual report, the City plans on upgrading the accounting software and computer equipment in 2012 that will allow them to accomplish this task.

City of Campbell, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2011
Unaudited

Long-term Obligations

(Table 4)
 Outstanding Long-term Obligations at Year End

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Local Governmental Fund Notes	\$115,966	\$224,961	\$0	\$0	\$115,966	\$224,961
OWDA Loans	0	0	1,592,860	1,690,235	1,592,860	1,690,235
OPWC Loan	0	0	384,593	441,919	384,593	441,919
Police and Fire Pension	523,439	536,259	0	0	523,439	536,259
Total	\$639,405	\$761,220	\$1,977,453	\$2,132,154	\$2,616,858	\$2,893,374

The local government fund notes were issued to pay long overdue accounts payable as well as outstanding unpaid Police and Fire and Ohio Public Employees pension payments. For the business-type funds, the debt was issued for the water system improvements and a water storage tank replacement.

Police and Fire Pension accrued liability payments are funded by two separate allocations of .3 mills inside millage, which generates approximately \$42,000 annually.

Current Financial Related Activities

The City voters passed a five year 3.5 mill current expense tax levy on November 2, 2010. This levy will generate additional revenue to help the City with its current financial responsibilities.

The City is encouraging development of the land located in former steel mill property once the property has been environmentally cleared. A grant has been obtained for Brownfield restoration and environmental studies.

The challenge for the City is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. The City relies heavily on local taxes and has very little industry to support the tax base. Faced with declining revenues, increased costs for goods and services, primarily energy costs, the City is attempting to hold down on expenditures wherever possible, and keep personnel costs in check.

City of Campbell, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2011
Unaudited

Contacting the City's Finance Department

This report is designed to provide the reader with a broad overview of the City's financial position, as well as a general understanding of the financial operations of the City. If you have any questions about this report or need any additional financial information, please contact Dr. Michael Evanson, Director of Finance, 351 Tenney Avenue, Campbell, Ohio 44405, telephone 330-755-9863.

Basic Financial Statements

City of Campbell, Ohio
Statement of Net Assets - Modified Cash Basis
December 31, 2011

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$3,372,229	\$877,954	\$4,250,183
Investments	14,035	0	14,035
<i>Total Assets</i>	<u>\$3,386,264</u>	<u>\$877,954</u>	<u>\$4,264,218</u>
Net Assets			
Restricted for:			
Capital Projects	\$29,486	\$0	\$29,486
Other Purposes	2,278,449	0	2,278,449
Unrestricted	1,078,329	877,954	1,956,283
<i>Total Net Assets</i>	<u>\$3,386,264</u>	<u>\$877,954</u>	<u>\$4,264,218</u>

See accompanying notes to the basic financial statements

City of Campbell, Ohio
Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2011

	Program Cash Receipts			
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants
Governmental Activities				
General Government	\$1,155,506	\$304,590	\$0	\$0
Security of Persons and Property:				
Police	1,280,377	229,690	49,844	0
Fire	490,441	66,796	734,573	6,311
Leisure Time Activities	180,798	9,890	0	0
Community Environment	449,464	0	497,770	12,557
Transportation	399,110	0	416,411	2,530
Principal Retirement	121,815	0	0	0
Interest and Fiscal Charges	35,162	0	0	0
<i>Total Governmental Activities</i>	<u>4,112,673</u>	<u>610,966</u>	<u>1,698,598</u>	<u>21,398</u>
Business-Type Activities				
Water	1,684,996	1,670,069	0	0
Sewer	137,941	151,020	0	0
<i>Total Business-Type Activities</i>	<u>1,822,937</u>	<u>1,821,089</u>	<u>0</u>	<u>0</u>
<i>Total</i>	<u>\$5,935,610</u>	<u>\$2,432,055</u>	<u>\$1,698,598</u>	<u>\$21,398</u>

General Receipts

Property Taxes Levied for:

 General Purposes

 Safety Forces

Income Taxes Levied for:

 General Purposes

 Parks

Grants and Entitlements not Restricted to Specific Programs

Investment Earnings

Miscellaneous

Total General Receipts

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

See accompanying notes to the basic financial statements

Net (Disbursements) Receipts and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
(\$850,916)	\$0	(\$850,916)
(1,000,843)	0	(1,000,843)
317,239	0	317,239
(170,908)	0	(170,908)
60,863	0	60,863
19,831	0	19,831
(121,815)	0	(121,815)
(35,162)	0	(35,162)
(1,781,711)	0	(1,781,711)
0	(14,927)	(14,927)
0	13,079	13,079
0	(1,848)	(1,848)
(1,781,711)	(1,848)	(1,783,559)
366,381	0	366,381
192,301	0	192,301
1,531,404	0	1,531,404
170,156	0	170,156
378,516	0	378,516
3,373	0	3,373
365,705	25,551	391,256
3,007,836	25,551	3,033,387
1,226,125	23,703	1,249,828
2,160,139	854,251	3,014,390
\$3,386,264	\$877,954	\$4,264,218

City of Campbell, Ohio
Statement of Modified Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2011

	General	Park	FEMA	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$1,092,097	\$450,176	\$696,385	\$1,133,571	\$3,372,229
Investments	14,035	0	0	0	14,035
<i>Total Assets</i>	<u>\$1,106,132</u>	<u>\$450,176</u>	<u>\$696,385</u>	<u>\$1,133,571</u>	<u>\$3,386,264</u>
Fund Balances					
Restricted	\$21,264	\$450,176	\$696,385	\$1,140,110	\$2,307,935
Assigned	32,875	0	0	0	32,875
Unassigned (Deficit)	1,051,993	0	0	(6,539)	1,045,454
<i>Total Fund Balances</i>	<u>\$1,106,132</u>	<u>\$450,176</u>	<u>\$696,385</u>	<u>\$1,133,571</u>	<u>\$3,386,264</u>

See accompanying notes to the basic financial statements

City of Campbell, Ohio
Statement of Cash Receipts, Disbursements and Changes in Modified Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2011

	General	Park	FEMA	Other Governmental Funds	Total Governmental Funds
Receipts					
Property Taxes	\$366,381	\$0	\$0	\$192,301	\$558,682
Income Taxes	1,531,404	170,156	0	0	1,701,560
Intergovernmental	378,516	0	695,195	1,024,541	2,098,252
Investment Earnings	2,864	0	0	509	3,373
Charges for Services	126,569	9,890	0	0	136,459
Fines, Licenses and Permits	327,986	0	0	146,521	474,507
Contributions and Donations	0	0	0	260	260
Miscellaneous	171,171	62	0	194,472	365,705
<i>Total Receipts</i>	<u>2,904,891</u>	<u>180,108</u>	<u>695,195</u>	<u>1,558,604</u>	<u>5,338,798</u>
Disbursements					
Current:					
General Government	1,138,298	0	0	17,208	1,155,506
Security of Persons and Property:					
Police	998,994	0	0	281,383	1,280,377
Fire	360,838	0	3,936	125,667	490,441
Leisure Time Activities	0	180,798	0	0	180,798
Community Environment	0	0	0	449,464	449,464
Transportation	0	0	0	386,820	386,820
Capital Outlay	0			12,290	12,290
Debt Service:					
Principal Retirement	108,995	0	0	12,820	121,815
Interest and Fiscal Charges	12,506	0	0	22,656	35,162
<i>Total Disbursements</i>	<u>2,619,631</u>	<u>180,798</u>	<u>3,936</u>	<u>1,308,308</u>	<u>4,112,673</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>285,260</u>	<u>(690)</u>	<u>691,259</u>	<u>250,296</u>	<u>1,226,125</u>
Other Financing Sources (Uses)					
Transfer In	0	0	0	13,000	13,000
Transfer Out	(13,000)	0	0	0	(13,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(13,000)</u>	<u>0</u>	<u>0</u>	<u>13,000</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	272,260	(690)	691,259	263,296	1,226,125
<i>Fund Balances Beginning of Year</i>	<u>833,872</u>	<u>450,866</u>	<u>5,126</u>	<u>870,275</u>	<u>2,160,139</u>
<i>Fund Balances End of Year</i>	<u>\$1,106,132</u>	<u>\$450,176</u>	<u>\$696,385</u>	<u>\$1,133,571</u>	<u>\$3,386,264</u>

See accompanying notes to the basic financial statements

City of Campbell, Ohio
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$409,695	\$409,695	\$366,381	(\$43,314)
Income Taxes	1,508,000	1,508,000	1,531,404	23,404
Intergovernmental	373,510	373,510	378,516	5,006
Investment Earnings	10,000	10,000	2,864	(7,136)
Charges for Services	66,925	66,925	126,569	59,644
Fines, Licenses and Permits	422,515	422,515	327,986	(94,529)
Miscellaneous	42,589	42,589	171,171	128,582
<i>Total Revenues</i>	2,833,234	2,833,234	2,904,891	71,657
Expenditures				
Current:				
General Government	1,147,319	1,182,150	1,171,173	10,977
Security of Persons and Property:				
Police	944,188	944,188	998,994	(54,806)
Fire	454,231	454,231	360,838	93,393
Debt Service:				
Principal Retirement	108,995	108,995	108,995	0
Interest and Fiscal Charges	12,506	12,506	12,506	0
<i>Total Expenditures</i>	2,667,239	2,702,070	2,652,506	49,564
<i>Excess of Revenues Over Expenditures</i>	165,995	131,164	252,385	121,221
Other Financing Sources (Uses)				
Transfers In	28,000	28,000	0	(28,000)
Transfers Out	(13,000)	(13,000)	(13,000)	0
<i>Total Other Financing Sources (Uses)</i>	15,000	15,000	(13,000)	(28,000)
<i>Net Change in Fund Balance</i>	180,995	146,164	239,385	93,221
<i>Fund Balance Beginning of Year</i>	794,735	794,735	794,735	0
Prior Year Encumbrances Appropriated	39,137	39,137	39,137	0
<i>Fund Balance End of Year</i>	\$1,014,867	\$980,036	\$1,073,257	\$93,221

See accompanying notes to the basic financial statements

City of Campbell, Ohio
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual (Budget Basis)
Park Fund
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Income Taxes	\$143,200	\$143,200	\$170,156	\$26,956
Charges for Services	11,000	11,000	9,890	(1,110)
Miscellaneous	0	0	62	62
<i>Total Revenues</i>	154,200	154,200	180,108	25,908
Expenditures				
Current:				
Leisure Time Activities	323,610	323,610	180,834	142,776
<i>Excess of Revenues Under Expenditures</i>	(169,410)	(169,410)	(726)	168,684
<i>Fund Balance Beginning of Year</i>	446,601	446,601	446,601	0
Prior Year Encumbrances Appropriated	4,265	4,265	4,265	0
<i>Fund Balance End of Year</i>	<u>\$281,456</u>	<u>\$281,456</u>	<u>\$450,140</u>	<u>\$168,684</u>

See accompanying notes to the basic financial statements

City of Campbell, Ohio
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual (Budget Basis)
FEMA Fund
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$700,321	\$700,321	\$695,195	(\$5,126)
Expenditures				
Current:				
Security of Persons and Property:				
Fire	700,321	700,321	4,718	695,603
<i>Excess of Revenues Over Expenditures</i>	0	0	690,477	690,477
<i>Fund Balance Beginning of Year</i>	5,126	5,126	5,126	0
<i>Fund Balance End of Year</i>	<u>\$5,126</u>	<u>\$5,126</u>	<u>\$695,603</u>	<u>\$690,477</u>

See accompanying notes to the basic financial statements

City of Campbell, Ohio
Statement of Fund Net Assets - Modified Cash Basis
Enterprise Funds
December 31, 2011

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Current Assets			
Equity in Pooled Cash and Cash Equivalents	<u>\$596,699</u>	<u>\$281,255</u>	<u>\$877,954</u>
Net Assets			
Unrestricted	<u>\$596,699</u>	<u>\$281,255</u>	<u>\$877,954</u>

See accompanying notes to the basic financial statements

City of Campbell, Ohio
*Statement of Cash Receipts,
Disbursements and Changes in Fund Net Assets - Modified Cash Basis
Enterprise Funds
For the Year Ended December 31, 2011*

	Water	Sewer	Total
Operating Receipts			
Charges for Services	\$1,670,069	\$151,020	\$1,821,089
Miscellaneous	25,551	0	25,551
<i>Total Operating Receipts</i>	<u>1,695,620</u>	<u>151,020</u>	<u>1,846,640</u>
Operating Disbursements			
Personal Services	461,113	13,621	474,734
Fringe Benefits	279,341	6,779	286,120
Contractual Services	429,182	99,353	528,535
Materials and Supplies	184,526	2,516	187,042
Capital Outlay	79,591	14,906	94,497
Miscellaneous	3,432	766	4,198
<i>Total Operating Disbursements</i>	<u>1,437,185</u>	<u>137,941</u>	<u>1,575,126</u>
<i>Operating Income</i>	<u>258,435</u>	<u>13,079</u>	<u>271,514</u>
Non-Operating Disbursements			
Redemption of Principal	(154,702)	0	(154,702)
Interest and Fiscal Charges	(93,109)	0	(93,109)
<i>Total Non-Operating Disbursements</i>	<u>(247,811)</u>	<u>0</u>	<u>(247,811)</u>
<i>Change in Net Assets</i>	10,624	13,079	23,703
<i>Net Assets Beginning of Year</i>	<u>586,075</u>	<u>268,176</u>	<u>854,251</u>
<i>Net Assets End of Year</i>	<u><u>\$596,699</u></u>	<u><u>\$281,255</u></u>	<u><u>\$877,954</u></u>

See accompanying notes to the basic financial statements

City of Campbell, Ohio
Statement of Fiduciary Assets and Liabilities - Modified Cash Basis
Agency Funds
December 31, 2011

Assets	
Equity in Pooled Cash and Cash Equivalents	\$364,661
Cash and Cash Equivalents in Segregated Accounts	<u>79,149</u>
<i>Total Assets</i>	<u><u>\$443,810</u></u>
 Liabilities	
Due to Others	\$123,220
Due to Other Governments	<u>320,590</u>
<i>Total Liabilities</i>	<u><u>\$443,810</u></u>

See accompanying notes to the basic financial statements

City of Campbell, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

Note 1 - Reporting Entity

The City of Campbell is a charter municipal corporation formed under the laws of the State of Ohio. The City operates under its own Charter made effective November 3, 1970. The Charter, as amended, provides for a Council-Mayor form of government.

The Mayor, elected by the voters for a two-year term, is the head of the municipal government for ceremonial, administrative, and executive purposes and presides at Council meetings. He also appoints all department heads and executes all contracts, conveyances and evidences of indebtedness of the City.

Legislative authority is vested in a five member council with the President of Council being elected at large and four members elected to specific wards and serves a term of two years. Council enacts ordinances and resolutions relating to tax levies, appropriates and borrows money and accepts bids for materials and services and other municipal purposes.

On June 10, 2004, the Auditor of State's office declared the City of Campbell to be in a state of fiscal emergency in accordance with Section 118.03, Ohio Revised Code. The declaration resulted in the establishment of a Financial Planning and Supervision Commission. The Commission is comprised of the Mayor of the City, Council President, three financial consultants appointed by the Governor from various corporations and/or organizations who reside or work within the City and two representatives from the State of Ohio. This Commission approved a financial recovery plan which had been adopted by the City and the plan must be updated annually. Once the plan has been adopted, the City's discretion is limited in that all financial activity of the City must be conducted in accordance with the plan.

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the City consists of all funds, agencies, departments and offices that are not legally separate from the City. For the City of Campbell this includes the departments and agencies that provide the following services: police and fire protection, emergency medical, parks, recreation, street maintenance and municipal court.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to the organization; or the City is obligated for the debt of the organization. Component units may also include organizations for which the City approves the budget, the issuance of debt or the levying of taxes. The City has no component units.

Note 2 - Summary of Significant Accounting Policies

As discussed further in Note 2, these financial statements are presented on a modified cash basis of accounting. This modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the modified cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the modified cash basis of accounting, unless those

City of Campbell, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The City does not apply FASB statements issued after November 30, 1989, to its business-type activities and to its enterprise funds. Following are the more significant of the City's accounting policies.

Basis of Presentation

The City's basic financial statements consist of a government-wide statement of net assets and a statement of activities and fund financial statements providing a more detailed level of financial information.

Government-wide Financial Statements The statement of net assets and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the City that are governmental and those that are considered business-type.

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

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

Proprietary fund statements distinguish operating transactions from nonoperating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the funds' principal services. Operating disbursements include costs of sales and services and administrative costs. The fund statements report all other receipts and disbursements as nonoperating.

Fund Accounting

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

Governmental Funds Governmental funds are those through which most governmental functions of the City are financed. The following are the City's major governmental funds:

General Fund The general fund accounts for and reports all financial resources except those required to be accounted for in another fund. The general fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of Ohio.

City of Campbell, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

Park Fund The park fund accounts for and reports restricted income tax proceeds and user charges received from the citizens of the City. Expenditures are restricted to projects within the park.

FEMA Fund The FEMA Fund accounts for and reports restricted grant monies received from the Federal Emergency Management Agency to be expended on personal protective equipment for use by the fire department.

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

Proprietary Funds The City classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds are classified as either enterprise or internal service. The City has no internal service funds. The following are descriptions of the City's enterprise funds.

Water Fund The water fund accounts for revenues generated from the charges for distribution of water service to the residential and commercial users located within the City.

Sewer Fund The sewer fund accounts for sewer services to the residential and commercial users located within the City. The costs of providing these services are financed primarily through user charges.

Fiduciary Funds Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City only utilizes the agency fund type. The agency funds accounts for the sewer amounts collected and paid to Mahoning County and amounts collected by the municipal court that are paid to other governments.

Basis of Accounting

The City's financial statements are prepared using the modified cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the City's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the City are described in the appropriate section in the note.

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

Cash and Cash Equivalents

To improve cash management, cash received by the City is pooled and invested. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through City records. Interest in the pool is presented as "equity in pooled cash and cash equivalents".

City of Campbell, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2011 amounted to \$2,864, of which \$1,976 was assigned from other City funds.

The City values investments and cash equivalents at cost. For presentation on the financial statements, the City classifies investments of the cash management pool as cash equivalents.

The City has segregated bank accounts for monies held separate from the City's central bank account. These depository accounts are presented on the balance sheet as "cash and cash equivalents in segregated accounts."

Inventory and Prepaid Items

On the cash-basis of accounting, inventories of supplies and food service items are reported as disbursements when purchased. These items are not reflected as assets in the accompanying financial statements.

Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the City's modified cash basis of accounting.

Long-term Obligations

The City's modified cash basis financial statements do not report liabilities for bonds and other long-term obligations. These statements report proceeds of debt when cash is received and debt service disbursements for debt principal and interest payments are reported when paid.

Fund Balance

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

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

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

Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the City can

City of Campbell, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

be compelled by an external party-such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (ordinance or resolution) of City Council. Those committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by City Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints are not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the City Council.

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

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

Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through constitutional provisions, enabling legislation (adopted by the City) or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net assets restricted for other purposes include parks and recreation, law library and court computerization.

The City first applies restricted resources when incurring a disbursement for which it may use either restricted or unrestricted resources.

Interfund Activity

The statements report exchange transactions between funds as receipts in the seller funds and as disbursements in the purchasing funds. Nonexchange flows of cash from one fund to another are reported as interfund transfers. Governmental funds report interfund transfers as other financing sources/uses; proprietary funds report transfers after nonoperating receipts and disbursements. The statements do not report repayments from funds responsible for particular disbursements to the funds initially paying the costs.

City of Campbell, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

Budgetary Process

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

The certificate of estimated resources may be amended during the year if the City Finance Director projects increases or decreases in receipts. The amounts reported as the original budget in the budgetary statements reflect the amounts in the certificate of estimated resources when the City Council adopted the original appropriations. The amounts reported as the final budget in the budgetary statements reflect the amounts in the amended certificate of estimated resources in effect at the time the final appropriations ordinance were passed by City Council.

The City Council may amend appropriations throughout the year with the restriction that appropriations may not exceed estimated resources. The amounts reported as the original budget reflect the first appropriation ordinance for a fund covering the entire year, including amounts automatically carried over from prior years. The amounts reported as the final budget represent the final appropriation ordinance the City Council passed during the year.

Note 3 – Compliance

Ohio Administrative Code, section 117-2-03 (B), requires the City to prepare its annual financial report in accordance with generally accepted accounting principles. However, the City prepared its financial statements on a modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements omit assets, liabilities, net assets/fund balances, and disclosures that, while material, cannot be determined at this time. The City can be fined and various other administrative remedies may be taken against the City.

The budgetary financial statements reflect amounts that ordinarily would result in noncompliance citations under Revised Code Chapter 5705. Since the City is in fiscal emergency, however, its financial operations are restricted by the provisions of Chapter 118 rather than Chapter 5705. Citations to Chapter 5705 would therefore be presented only for funds which did not contribute to the City being placed in fiscal emergency.

Note 4 –Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis for the general fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the modified cash basis is that outstanding year end encumbrances are treated as expenditures (budgetary basis) rather than as restricted, committed, or assigned fund balance (modified cash basis). The general fund encumbrances outstanding at year end (budgetary basis) amounted to \$32,875. The park special revenue fund encumbrances outstanding at year end (budgetary basis) amounted to \$36 and the FEMA special revenue fund encumbrances outstanding at year end (budgetary basis) amounted to \$782.

City of Campbell, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

Note 5 - Fund Balances

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

Fund Balances	General	Park	FEMA	Nonmajor Governmental Funds	Total
<i>Restricted for</i>					
Unclaimed Monies	\$21,264	\$0	\$0	\$0	\$21,264
Recreation	0	450,176	0	0	450,176
Public Safety	0	0	696,385	369,295	1,065,680
Street Maintenance	0	0	0	345,826	345,826
Recycling	0	0	0	36,463	36,463
Enforcement and Education	0	0	0	218,183	218,183
Community Development	0	0	0	140,857	140,857
Capital Improvements	0	0	0	29,486	29,486
<i>Total Restricted</i>	21,264	450,176	696,385	1,140,110	2,307,935
<i>Assigned to</i>					
Other Purposes	32,875	0	0	0	32,875
<i>Unassigned (Deficit)</i>	1,051,993	0	0	(6,539)	1,045,454
<i>Total Fund Balances</i>	<u>\$1,106,132</u>	<u>\$450,176</u>	<u>\$696,385</u>	<u>\$1,133,571</u>	<u>\$3,386,264</u>

Note 6 - Deposits and Investments

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

Active deposits are public deposits determined to be necessary to meet current demands upon the City treasury. Active monies must be maintained either as cash in the City 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 that Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

Interim monies held by the City can 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 payment of principal and interest by the United States;

City of Campbell, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, 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 securities listed above;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations provided that investments in securities described in the division are made only through eligible institutions; and
6. The State Treasurer's investment pool (STAR Ohio);

The City may also invest monies not required to be used for a period of six months or more in the following:

1. Bonds of the State of Ohio;
2. Bonds of any municipal corporation, village, county, township, or other political subdivision of this State, as to which there is no default of principal, interest, or coupons;
3. Obligations of the City.

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 City, 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 finance director or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits

Custodial Credit Risk Custodial credit risk for deposits is the risk that in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$4,511,379 of the City's bank balance of \$4,931,584 was uninsured and uncollateralized. Although the securities were held by the pledging financial institutions' trust department and all statutory requirements for the investment of money had been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the FDIC.

The City has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the City or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies

City of Campbell, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

Investments are reported at fair value. As of December 31, 2011, the City had an investment in a no load money market mutual fund for \$14,035.

Interest Rate Risk As a means of limiting its exposure to fair value losses caused by rising interest rates, the City's investment policy requires that operating funds be invested primarily in short-term investments maturing within five years from the date of purchase, unless they are matched to a specific obligation or debt of the City, and that the City's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments. The stated intent of the policy is to avoid the need to sell securities prior to maturity. State statute limits investments in repurchase agreements to 30 days and the market value of the securities must exceed the principal value of the agreement by at least 2 percent and be marked to market daily.

Credit Risk The no load money market mutual fund carries a rating of AAA by Standard & Poor's. The City has no investment policy that addresses credit risk.

Custodial Credit Risk For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The underlying securities of the repurchase agreement are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty. The City has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

Note 7 – Receivables

Property Taxes

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Property tax revenue received during 2011 for real and public utility property taxes represents collections of the 2010 taxes. Property tax payments received during 2011 for tangible personal property (other than public utility property) is for 2011 taxes.

2011 real property taxes are levied after October 1, 2011, on the assessed value as of January 1, 2011, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2011 real property taxes are collected in and intended to finance 2012.

Real property taxes are payable annually or semi-annually. If paid annually, the payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2011 public utility property taxes which became a lien December 31, 2010, are levied after October 1, 2011, and are collected in 2012 with real property taxes.

City of Campbell, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

Tangible personal property tax revenue received during 2011 (other than public utility property tax) represents the collection of 2011 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. Tangible personal property taxes received from telephone companies in 2011 were levied after October 1, 2010, on the value as of December 31, 2010. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all City operations for the year ended December 31, 2011 was \$9.70 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2011 property tax receipts were based are as follows:

Real Property	
Residential/Agricultural	\$69,885,740
Other Real Estate	6,476,290
Public Utility Personal Property	<u>2,533,110</u>
Total	<u><u>\$78,895,140</u></u>

The City voters passed a five year 3.5 mill current expense tax levy on November 2, 2010. This levy will generate additional revenue to help the City with its current financial responsibilities.

The County Treasurer collects property tax on behalf of all taxing districts within the City. The County Auditor periodically remits to the taxing districts their portions of the taxes collected.

Income Tax

The City levies and collects an income tax of 2.5 percent on all income earned within the City as well as on income of residents earned outside the City. In the latter case, the City allows a credit of 100 percent of the tax paid to another municipality, not to exceed the amount owed. Employers within the City are required to withhold income tax on employee earnings and remit the tax to the City quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually. In 2011, the proceeds were allocated ninety percent to the general fund and ten percent to the park special revenue fund.

Note 8 - Contingencies

Grants

The City receives financial assistance from federal and state 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 are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or any other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the City at December 31, 2011.

City of Campbell, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

Litigation

The City of Campbell is a party to legal proceedings. The City management is of the opinion that ultimate disposition of these claims and legal proceedings will not have a material effect, if any, on the financial condition of the City.

Note 9 - Risk Management

The City of Campbell is exposed to various risks of loss to torts; thefts of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disaster. During 2011, the City contracted with Ohio Plan Insurance for various types of insurance coverage as follows:

<u>Type</u>	<u>Coverage</u>	<u>Deductible</u>
Inland Marine	\$329,135	\$500
Property	22,271,590	1,000
Electronic Data Processing	100,000	500
Crime	137,100	100
Fleet Vehicle		
Physical Damage	50,000	500
Liability	2,000,000	500

Settled claims have not exceeded this coverage in any of the last three years. There has not been significant reduction in coverage from the prior year.

Healthcare is provided through Anthem with single coverage of \$5,224.80 per year, husband and wife coverage of \$11,416.08 per year, parent and child coverage of \$8,971.80 per year and full family coverage of \$16,171.32 per year.

Workers' compensation is provided by the State. The City pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Note 10 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Plan Description – The City participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

City of Campbell, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units and 18.1 percent of covered payroll for law and public safety employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10 percent of covered payroll. For the year ended December 31, 2011, members in state and local classifications contributed 10 percent of covered payroll while public safety and law enforcement members contributed 10.5 percent and 11.1 percent, respectively. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan. For 2011, member and employer contribution rates were consistent across all three plans.

The City's 2011 contribution rate was 14.0 percent, except for those plan members in law enforcement or public safety, for whom the City's contribution was 18.10 percent of covered payroll. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. The portion of employer contribution allocated to health care for members in the Traditional and Combined Plans was 4 percent. Employer contribution rates are actuarially determined.

The City's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2011, 2010 and 2009 were \$114,982, \$93,356 and \$88,783, respectively. For 2011, 87.13 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2010 and 2009. There were no contributions to the member-directed plan for 2011.

Ohio Police and Fire Pension Fund

Plan Description – The City contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – The Ohio Revised Code requires plan members to contribute 10.0 percent of their annual covered salary, while employers are required to contribute 19.5 percent for police officers and 24.0 percent for firefighters.

The OP&F Pension Fund is authorized by the Ohio Revised Code to allocate a portion of the employer contributions to retiree health care benefits. The portion of employer contributions used to fund pension benefits was 12.75 percent of covered payroll for police officers and 17.25 percent of covered payroll for firefighters. The City's contributions to OP&F for police and firefighters were \$81,197 and \$29,646 for the year ended December 31, 2011, \$79,089 and \$45,028 for the year ended December 31, 2010, and \$69,311 and \$38,369 for the year ended December 31, 2009, respectively. 67.83 percent for police and 56.5 percent for firefighters has been contributed for 2011 with the balance for both police and firefighters being reported as an intergovernmental payable. The full amount has been contributed for 2010 and 2009.

City of Campbell, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

In addition to current contributions, the City pays installments on the accrued liability incurred when the State of Ohio established the statewide pension system for police and fire fighters in 1967. As of December 31, 2011, the unfunded liability of the City was \$523,439 payable in semi-annual payments through the year of 2035. This is an accounting liability of the City which will not vary.

Note 11 - Postemployment Benefits

Ohio Public Employees Retirement System

Plan Description – Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan—a cost sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan—a defined contribution plan; and the Combined Plan—a cost sharing, multiple employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. The plan includes a medical plan, prescription drug program and Medicare Part B premium reimbursement.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not mandate, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The post-employment health care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care through contributions to OPERS. A portion of each employer’s contribution to OPERS is set aside for the funding of post-retirement health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2011, state and local employers contributed at a rate of 14.0 percent of covered payroll, and public safety and law enforcement employers contributed at 18.1 percent. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units and 18.1 percent of covered payroll for law and public safety employer units.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional and Combined Plans was 4 percent.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment health care plan.

City of Campbell, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

The City's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2011, 2010 and 2009 were \$45,993, \$53,167 and \$37,187, respectively. For 2011, 87.13 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2010 and 2009.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased on January 1 of each year from 2006 to 2008. Rates for law and public safety employers increased over a six year period beginning on January 1, 2006, with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

Ohio Police and Fire Pension Fund

Plan Description – The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored health care program, a cost-sharing multiple-employer defined post-employment health care plan administered by OP&F. OP&F provides health care benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long-term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45.

The Ohio Revised Code allows, but does not mandate OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required by Ohio Revised Code to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5 percent and 24.0 percent of covered payroll for police and fire employers, respectively. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. One for health care benefits under an IRS Code Section 115 trust and one for Medicare Part B reimbursements administrated as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2011, the employer contribution allocated to the health care plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

City of Campbell, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions to OP&F which were allocated to fund post-employment health care benefits for police and firefighters were \$42,987 and \$11,600 for the year ended December 31, 2011, \$41,870 and \$17,619 for the year ended December 31, 2010, and \$45,716 and \$18,299 for the year ended December 31, 2009. 87.13 percent has been contributed for police and 56.50 percent has been contributed for firefighters for 2011 with the balance for both police and firefighters being report as an intergovernmental payable. The full amount has been contributed for 2010 and 2009.

Note 12 - Long-Term Obligations

Original issue amounts and interest rates of the City's debt issues were as follows:

Debt Issue	Interest Rate	Original Issue	Year of Maturity
Governmental Activities			
<i>Local Government Fund Notes - 2005</i>	6.23%	\$746,939	2012
Business-Type Activities			
<i>OWDA Loans</i>			
Water Treatment Plant - 2000	5.16 - 5.54%	2,421,405	2024
<i>OPWC Loans</i>			
Liberty Sewer Water Tank - 1999	0.00%	809,670	2021
Water System Improvement - 1994	0.00%	505,300	2011

The changes in long-term obligations during the year were as follows:

	Balance 12/31/10	Additions	Reductions	Balance 12/31/11	Amounts Due in One Year
Governmental Activities					
<i>Local Government Fund Notes</i>	\$224,961	\$0	(\$108,995)	\$115,966	\$115,966
<i>Other</i>					
Police and Fire Pension	536,259	0	(12,820)	523,439	13,370
Total Governmental Activities	\$761,220	\$0	(\$121,815)	\$639,405	\$129,336
Business-Type Activities					
<i>OWDA Loans</i>					
Water Treatment Plant	\$1,690,235	\$0	(\$97,375)	\$1,592,860	\$102,712
<i>OPWC Loans</i>					
Liberty Sewer Water Tank	425,077	0	(40,484)	384,593	40,484
Water System Improvement	16,843	0	(16,843)	0	0
Total OPWC Loans	441,920	0	(57,327)	384,593	40,484
Total Business-Type Activities	\$2,132,155	\$0	(\$154,702)	\$1,977,453	\$143,196

City of Campbell, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

The local government fund notes and the police and fire pension liability will be paid from the general fund. The OWDA and OPWC loans will be paid with user charges from the water enterprise fund. The OWDA loans received a one-year forgiveness period due to the City's current financial constraints. Payments commenced during 2005. The OPWC loans received a two year forgiveness period due to the economic hardships that the City is facing. Payments commenced during 2006.

The City's overall legal debt margin was \$8,168,024 with an unvoted debt margin of \$4,223,267 at December 31, 2011. Principal and interest requirements to retire long-term obligations outstanding at December 31, 2011 are as follows:

	Local Government		Police and Fire	
	Fund Notes		Pension Liability	
	Principal	Interest	Principal	Interest
2012	\$115,966	\$5,535	\$13,370	\$22,106
2013	0	0	13,945	21,531
2014	0	0	14,544	20,932
2015	0	0	15,168	20,308
2016	0	0	15,820	19,656
2017 - 2021	0	0	89,896	87,486
2022 - 2026	0	0	110,931	66,449
2027 -2031	0	0	136,891	40,488
2032 -2035	0	0	112,874	9,700
Total	<u>\$115,966</u>	<u>\$5,535</u>	<u>\$523,439</u>	<u>\$308,656</u>

	Business-Type Activities		
	OWDA		OPWC
	Loan		Loans
	Principal	Interest	Principal
2012	\$102,712	\$87,771	\$40,484
2013	108,343	82,141	40,484
2014	114,283	76,201	40,484
2015	98,261	70,220	40,484
2016	103,705	64,777	40,484
2017 - 2021	611,339	231,068	182,173
2022 - 2025	454,217	51,231	0
Total	<u>\$1,592,860</u>	<u>\$663,409</u>	<u>\$384,593</u>

Note 13 – Interfund Transfers

During 2011, the general fund transferred \$13,000 to the area on aging special revenue fund to eliminate a deficit cash balance.

City of Campbell, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

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City of Campbell, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2010
Unaudited

The discussion and analysis of the City of Campbell's financial performance provides an overall review of the City's financial activities for the fiscal year ended December 31, 2010. The intent of this discussion and analysis is to look at the City's financial performance as a whole. Readers are encouraged to consider the information presented here in conjunction with the additional information contained in the financial statements and notes to enhance their understanding of the City's financial performance.

Financial Highlights

The City faced numerous challenges during 2010. The major challenges were to reduce expenditures in the general fund, street fund and water operating fund as well as maintain a balanced budget in all other funds.

- The City of Campbell utilized the services of the Regional Income Tax Agency (R.I.T.A.) during 2010. R.I.T.A. administers and collects the City's income taxes as of January 1, 2005. As a result, income tax collections for the City's general fund are remaining consistent with the prior year; due in part to accelerated collections of delinquencies, collecting from prior non-filers, and enforcing payment of quarterly estimated taxes by individuals.
- Major Grants: The major grants received by the City are CDBG, CHIP and Small Cities Formula Allocation Grants.

Using the Basic Financial Statements.

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

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the City as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the City as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

City of Campbell, Ohio
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Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The City has elected to present its financial statements on a modified cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the City's modified cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

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

Reporting the City of Campbell as a Whole

Statement of Net Assets and the Statement of Activities

The statement of net assets and the statement of activities reflect how the City did financially during 2010, within the limitations of modified cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental and business-type activities of the City at year end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the City's general receipts.

These statements report the City's cash position and the changes in cash position. Keeping in mind the limitations of the modified cash basis of accounting, you can think of these changes as one way to measure the City's financial health. Over time, increases or decreases in the City's cash position is one indicator of whether the City's financial health is improving or deteriorating. When evaluating the City's financial condition, you should also consider other non-financial factors as well such as the City's property tax base, the condition of the City's capital assets and infrastructure, the extent of the City's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and income taxes.

In the statement of net assets and the statement of activities, we divide the City into two types of activities:

Governmental activities - Most of the City's programs and services are reported here, including general government, security of persons and property, leisure time activities, community environment and transportation. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the City's programs. The programs reported in the governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

Business-type activities - When the City charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The City has two enterprise funds, the water and sewer funds.

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Reporting the City's Most Significant Funds of the City of Campbell

Fund Financial Statements

The analysis of the City's major funds begins on page 54. The fund financial reports give a detailed report of the activities within the funds. The City currently has thirty-five funds. These funds are in existence to provide a multitude of services to the citizens of Campbell. Each fund is in some ways an entity unto itself. Each fund has a designed revenue stream and restricted uses for the monies within the fund.

Governmental funds All of the City's major activities (excluding the water and sewer fund) are reported in the governmental funds. This report shows how monies flow into and out of these funds and also shows what balances are available for future expenditures. The accounting method used to report this activity is the cash method. This method reports cash and like-cash items that can be converted to cash. This shows what level of financial resources is available or will be available to provide the services that the general government provides in the near future. These services include police and fire protection, as well as improving and maintaining the City's streets, parks, and city hall. The City's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The City's major governmental funds are the general fund and the park special revenue fund.

Proprietary Funds Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match.

Fiduciary Funds Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs.

The City as a Whole

Table 1 provides a summary of the City's net assets for 2010 compared to 2009 on a modified cash basis:

Table 1

Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Assets						
Equity in Pooled Cash and Cash Equivalents	\$2,146,066	\$2,113,238	\$854,251	\$842,317	\$3,000,317	\$2,955,555
Investments	14,073	14,110	0	0	14,073	14,110
Total Assets	2,160,139	2,127,348	854,251	842,317	3,014,390	2,969,665
Net Assets						
Restricted for:						
Capital Projects	56,100	67,528	0	0	56,100	67,528
Other Purposes	1,270,168	1,256,398	0	0	1,270,168	1,256,398
Unrestricted	833,871	803,422	854,251	842,317	1,688,122	1,645,739
Total Net Assets	\$2,160,139	\$2,127,348	\$854,251	\$842,317	\$3,014,390	\$2,969,665

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Net assets of governmental activities increased during 2010. The primary reasons contributing to the increases in cash balances are an increase in grants received, and reductions in hospitalization and other employee benefit costs as a result of staff reductions and retirements.

Table 2 reflects the changes in net assets in 2010 from 2009.

Table 2
Change in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues						
Program Revenues						
Charges for Services and Sales	\$531,136	\$660,979	\$1,869,129	\$1,860,762	\$2,400,265	\$2,521,741
Operating Grants and Contributions	943,653	949,530	0	0	943,653	949,530
Capital Grants and Contributions	235,602	8,382	0	0	235,602	8,382
Total Program Revenues	1,710,391	1,618,891	1,869,129	1,860,762	3,579,520	3,479,653
General Revenues						
Property Taxes	381,416	385,083	0	0	381,416	385,083
Income Taxes	1,545,086	1,712,391	0	0	1,545,086	1,712,391
Grants and Entitlements	396,277	372,766	0	0	396,277	372,766
Investment Earnings	4,638	14,393	0	4,274	4,638	18,667
Miscellaneous	112,713	73,900	26,547	24,477	139,260	98,377
Total General Revenues	2,440,130	2,558,533	26,547	28,751	2,466,677	2,587,284
Total Revenues	4,150,521	4,177,424	1,895,676	1,889,513	6,046,197	6,066,937
Program Expenses						
General Government	1,049,219	1,169,245	0	0	1,049,219	1,169,245
Security of Persons and Property:						
Police	1,126,440	1,061,513	0	0	1,126,440	1,061,513
Fire	490,812	418,995	0	0	490,812	418,995
Leisure Time Activities	133,916	189,298	0	0	133,916	189,298
Community Environment	624,353	449,417	0	0	624,353	449,417
Transportation	536,012	387,166	0	0	536,012	387,166
Principal Retirement	114,718	108,038	0	0	114,718	108,038
Interest and Fiscal Charges	42,260	48,939	0	0	42,260	48,939
Water	0	0	1,777,549	1,654,320	1,777,549	1,654,320
Sewer	0	0	106,193	51,275	106,193	51,275
Total Program Expenses	4,117,730	3,832,611	1,883,742	1,705,595	6,001,472	5,538,206
Change in Net Assets	32,791	344,813	11,934	183,918	44,725	528,731
Net Assets Beginning of Year	2,127,348	1,782,535	842,317	658,399	2,969,665	2,440,934
Net Assets End of Year	\$2,160,139	\$2,127,348	\$854,251	\$842,317	\$3,014,390	\$2,969,665

Program revenues represent over half of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money, fine money allocated to and restricted for use by the municipal court and grant money restricted by the State and Federal granting agencies. In addition, a large portion of program revenue receipts are revenues received in the water fund for water usage.

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General receipts represent slightly less than half of the total receipts, and of this amount, the majority are taxes. Grants and entitlements not restricted for any purpose make a small percent of general receipts. Investment earnings and miscellaneous receipts are insignificant and are somewhat unpredictable revenue sources.

Disbursements for general government represent the overhead costs of running the City and the support services provided for the other Governmental activities. These include the costs of council, the mayor, administration, law, finance (income tax, central cash, accounts payable, and payroll), and the Municipal Court.

Security of persons and property are the costs of police and fire protection; leisure time activities are the costs of maintaining the parks and playing fields; community environment represents expenditures for private residential rehab and other activities through the CHIP program, and other activities which include road paving under the Small Cities Formula Allocation Program, both of which are funded with Federal Community Development Block Grants. Transportation is the cost of maintaining the roads.

A separate five-year, three mills Safety Forces Levy provides approximately \$200,000 net of County Auditor and Treasurer's fees annually, allocated \$100,000 each to offset salaries from the Police and Fire Departments.

Debt service on the debt issued to acquire assets in the governmental-type activities is paid from income tax, real estate and personal property tax, gas tax, interest income, fees, licenses, permits and other various revenue sources.

Outstanding debt due to governmental-type activities was the result of payments on a street paving loan, lease-purchase of a fire truck, and payments on the prior accrued liability for the police and fire pension funds.

In the business-type activities, user fees from a specific monthly charge per account are the primary revenue source for the repayment of debt. A decrease in debt from the business-type activities was the result of making OWDA and OPWC payments during the year.

The decrease in governmental liabilities was due to no issuance of Local Government Fund Notes during 2010 that were used to reduce the amounts of unpaid accounts payable and reduce deficits. The only expenditures during 2010 were for that year's services and not unpaid accounts payable from prior years.

Governmental Activities

If you look at the Statement of Activities on pages 52 and 53, you will see that the first column lists the major services provided by the City. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are general government, security of persons and property, leisure time activities, community environment and transportation. The next three columns of the Statement of Activities entitled Program Cash Receipts identify the amounts paid by people who are directly charged for the service and grants received by the government that must be used to provide a specific service. The Disbursements Receipt column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service, which is predominately money provided by local taxpayers. These net costs are paid from the general receipts that presented at the bottom of the Statement of Activities.

City of Campbell, Ohio
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A comparison between the total cost of services and the net cost of service is presented in Table 3.

(Table 3)

	Governmental and Business- Type Activities		Governmental and Business- Type Activities	
	Total Cost Of Services	Net Cost of Services	Total Cost Of Services	Net Cost of Services
	2010	2010	2009	2009
General Government	\$1,049,219	\$764,088	\$1,169,245	\$788,102
Security of Persons and Property				
Police	1,126,440	921,887	1,061,513	805,455
Fire	490,812	401,233	418,995	323,182
Leisure Time Activities	133,916	107,297	189,298	175,038
Community Environment	624,353	131,455	449,417	(6,361)
Transportation	536,012	(75,599)	387,166	(28,673)
Principal Retirement	114,718	114,718	108,038	108,038
Interest and Fiscal Charges	42,260	42,260	48,939	48,939
Business-Type Activities:				
Water	1,777,549	58,399	1,654,320	(58,449)
Sewer	106,193	(43,786)	51,275	(96,718)
<i>Total Expenses</i>	<u>\$6,001,472</u>	<u>\$2,421,952</u>	<u>\$5,538,206</u>	<u>\$2,058,553</u>

The dependence upon property and income tax receipts is apparent as \$2,407,339, or over 58 percent of governmental activities are supported through these receipts.

Funding for governmental activities is derived from several sources, the largest of which is the City's municipal income tax. The income tax rate is 2.50 percent and it generated \$1,545,086 in revenue for 2010, accounting for approximately 37.23 percent of governmental activities revenue. The revenue collected from the income tax was receipted into the following funds: 90 percent went to the general fund and 10 percent to the Parks operating fund. Unrestricted state shared revenues (local government funds) received through the County for 2010 were \$396,277 and represent about 9.55 percent of governmental activities revenue.

The City of Campbell continues to suffer continued erosion of the tax base due to additional loss of jobs, a decline in the number of taxpayers, an aging population, retirement of residents with high paying jobs working in other communities and relocation of younger citizens to other area communities and outside of the local area due to the lack of jobs.

Other factors affecting revenues and expenditures in the governmental activities include, but are not limited to the following:

- A decrease in income taxes, due to a greater portion of the population being retired and subject to lower tax rates from 2009 to 2010.
- An increase in Local Government Funding received directly from the State and County from 2009 to 2010 due to the participation in more grant programs.

City of Campbell, Ohio
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Business-Type Activities

The water operation of the Government is relatively small and routinely reports receipts and cash disbursements that relatively equal. The infrastructure is beginning to age and the City has begun discussing the need for major repairs and how to fund those repairs. We have also received notification from the Ohio EPA that improvements may be necessary to satisfy new water quality standards.

The City's Funds

Information about the City's governmental funds begins on page 54. Total governmental funds had revenues that exceeded expenditures. The funds are monitored monthly with adjustments made periodically during the year in budgets to accommodate yearly revenues.

The general fund had receipts that exceeded cash disbursements and encumbrances. The increase in fund balance was attributable to the results of an overall reduction in expenditures. The City was still constrained on further reductions due to minimum manning clauses and other restrictions upon management to reduce expenditures contained in various labor agreements.

Information about the proprietary funds starts on page 58. All business-type funds had operating revenues which exceeded operating expenses. The excess in revenues over expenditures was due in large part to an increase in receipt of unpaid bills and an increase in water rates. This excess is offset by the principal and interest payments on the water plant outstanding debt which causes an actual increase in net assets.

The City continually reviews revenues and expenditures of these funds and the necessary adjustments are made to ensure strength in our enterprise funds.

General Fund Budgeting Highlights

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

During 2010, the City amended its general fund budget to reflect changing circumstances. Final budgeted expenditures were more than actual expenditures primarily due to controlling general government costs.

Capital Assets and Debt Administration

Capital Assets

The City does not currently keep track of its capital assets and infrastructure. The City does not have the assets to upgrade the accounting software and computer equipment to accomplish this task. It is not known when the City will have the means to upgrade its computer hardware and software to accomplish the task. Also reductions in staff may additionally delay implementation.

City of Campbell, Ohio
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Long-term Obligations

(Table 4)
 Outstanding Long-term Obligations at Year End

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Local Governmental Fund Notes	\$224,961	\$327,387	\$0	\$0	\$224,961	\$327,387
Long-term Loan	0	0	0	0	0	0
OWDA Loans	0	0	1,690,235	1,782,550	1,690,235	1,782,550
OPWC Loan	0	0	441,920	516,090	441,920	516,090
Capital Leases	0	0	0	0	0	0
Police and Fire Pension	536,259	548,551	0	0	536,259	548,551
Total	\$761,220	\$875,938	\$2,132,155	\$2,298,640	\$2,893,375	\$3,174,578

The local government fund notes were issued to pay long overdue accounts payable as well as outstanding unpaid Police and Fire and Ohio Public Employees pension payments. The capital leases are for a fire truck. The long-term loan was issued for street paving projects throughout the City. For the business-type funds, the debt was issued for the water system improvements and a water storage tank replacement.

Police and Fire Pension accrued liability payments are funded by two separate allocations of .3 mills inside millage, which generates approximately \$42,000 annually.

Current Financial Related Activities

The City is continuing to pursue economic development. Construction of a new bridge across railroad tracks and the Mahoning River provide access to land located in former steel mill property was completed in fall of 2005.

The City is encouraging development of the land located in former steel mill property once the property has been environmentally cleared. A grant has been obtained for Brownfield restoration and environmental studies.

The challenge for the City is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. The City relies heavily on local taxes and has very little industry to support the tax base. Faced with declining revenues, increased costs for goods and services, primarily energy costs, the City is attempting to hold down on expenditures wherever possible, and keep personnel costs in check.

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Contacting the City's Finance Department

This report is designed to provide the reader with a broad overview of the City's financial position, as well as a general understanding of the financial operations of the City. If you have any questions about this report or need any additional financial information, please contact Dr. Michael Evanson, Director of Finance, 351 Tenney Avenue, Campbell, Ohio 44405, telephone 330-755-9863.

Basic Financial Statements

City of Campbell, Ohio
Statement of Net Assets - Modified Cash Basis
December 31, 2010

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$2,146,066	\$854,251	\$3,000,317
Investments	14,073	0	14,073
<i>Total Assets</i>	<u>2,160,139</u>	<u>854,251</u>	<u>3,014,390</u>
Net Assets			
Restricted for:			
Capital Projects	56,100	0	56,100
Other Purposes	1,270,168	0	1,270,168
Unrestricted	833,871	854,251	1,688,122
<i>Total Net Assets</i>	<u>\$2,160,139</u>	<u>\$854,251</u>	<u>\$3,014,390</u>

See accompanying notes to the basic financial statements

City of Campbell, Ohio
Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2010

	Program Cash Receipts			
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General Government	\$1,049,219	\$285,131	\$0	\$0
Security of Persons and Property:				
Police	1,126,440	170,146	34,407	0
Fire	490,812	65,172	24,407	0
Leisure Time Activities	133,916	10,687	15,932	0
Community Environment	624,353	0	458,251	34,647
Transportation	536,012	0	410,656	200,955
Principal Retirement	114,718	0	0	0
Interest and Fiscal Charges	42,260	0	0	0
<i>Total Governmental Activities</i>	4,117,730	531,136	943,653	235,602
Business-Type Activities				
Water	1,777,549	1,719,150	0	0
Sewer	106,193	149,979	0	0
<i>Total Business-Type Activities</i>	1,883,742	1,869,129	0	0
<i>Total</i>	\$6,001,472	\$2,400,265	\$943,653	\$235,602

General Receipts

Property Taxes Levied for:

 General Purposes

 Safety Forces

Income Taxes Levied for:

 General Purposes

 Parks

Grants and Entitlements not Restricted to Specific Programs

Investment Earnings

Miscellaneous

Total General Receipts

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

See accompanying notes to the basic financial statements

Net (Disbursements) Receipts and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
(\$764,088)	\$0	(\$764,088)
(921,887)	0	(921,887)
(401,233)	0	(401,233)
(107,297)	0	(107,297)
(131,455)	0	(131,455)
75,599	0	75,599
(114,718)	0	(114,718)
(42,260)	0	(42,260)
(2,407,339)	0	(2,407,339)
0	(58,399)	(58,399)
0	43,786	43,786
0	(14,613)	(14,613)
(2,407,339)	(14,613)	(2,421,952)
175,930	0	175,930
205,486	0	205,486
1,390,577	0	1,390,577
154,509	0	154,509
396,277	0	396,277
4,638	0	4,638
112,713	26,547	139,260
2,440,130	26,547	2,466,677
32,791	11,934	44,725
2,127,348	842,317	2,969,665
<u>\$2,160,139</u>	<u>\$854,251</u>	<u>\$3,014,390</u>

City of Campbell, Ohio
Statement of Modified Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2010

	General	Park	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$819,798	\$450,866	\$875,402	\$2,146,066
Investments	14,073	0	0	14,073
<i>Total Assets</i>	<u>833,871</u>	<u>450,866</u>	<u>875,402</u>	<u>2,160,139</u>
Fund Balances				
Restricted	21,264	450,866	906,300	1,378,430
Assigned	39,137	0	0	39,137
Unassigned (Deficit)	773,470	0	(30,898)	742,572
<i>Total Fund Balances</i>	<u>\$833,871</u>	<u>\$450,866</u>	<u>\$875,402</u>	<u>\$2,160,139</u>

See accompanying notes to the basic financial statements

City of Campbell, Ohio
Statement of Cash Receipts, Disbursements and Changes in Modified Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2010

	General	Park	Other Governmental Funds	Total Governmental Funds
Receipts				
Property Taxes	\$175,930	\$0	\$205,486	\$381,416
Income Taxes	1,390,577	154,509	0	1,545,086
Intergovernmental	396,277	15,932	1,162,463	1,574,672
Investment Earnings	3,495	0	1,143	4,638
Charges for Services	75,813	10,687	0	86,500
Fines, Licenses and Permits	332,207	0	112,429	444,636
Contributions and Donations	0	0	860	860
Miscellaneous	52,614	3	60,096	112,713
<i>Total Receipts</i>	<u>2,426,913</u>	<u>181,131</u>	<u>1,542,477</u>	<u>4,150,521</u>
Disbursements				
Current:				
General Government	1,024,420	0	24,799	1,049,219
Security of Persons and Property:				
Police	879,903	0	246,537	1,126,440
Fire	357,639	0	133,173	490,812
Leisure Time Activities	0	133,916	0	133,916
Community Environment	0	0	624,353	624,353
Transportation	0	0	351,448	351,448
Capital Outlay	0	0	184,564	184,564
Debt Service:				
Principal Retirement	102,426	0	12,292	114,718
Interest and Fiscal Charges	19,076	0	23,184	42,260
<i>Total Disbursements</i>	<u>2,383,464</u>	<u>133,916</u>	<u>1,600,350</u>	<u>4,117,730</u>
<i>Excess of Receipts Over Disbursements</i>	<u>43,449</u>	<u>47,215</u>	<u>(57,873)</u>	<u>32,791</u>
Other Financing Sources (Uses)				
Transfer In	0	0	13,000	13,000
Transfer Out	(13,000)	0	0	(13,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(13,000)</u>	<u>0</u>	<u>13,000</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	30,449	47,215	(44,873)	32,791
<i>Fund Balances Beginning of Year</i>	<u>803,422</u>	<u>403,651</u>	<u>920,275</u>	<u>2,127,348</u>
<i>Fund Balances End of Year</i>	<u><u>\$833,871</u></u>	<u><u>\$450,866</u></u>	<u><u>\$875,402</u></u>	<u><u>\$2,160,139</u></u>

See accompanying notes to the basic financial statements

City of Campbell, Ohio
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Year Ended December 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Revenues				
Property Taxes	\$173,084	\$173,084	\$175,930	\$2,846
Income Taxes	1,362,243	1,362,243	1,390,577	28,334
Intergovernmental	389,868	389,868	396,277	6,409
Investment Earnings	3,438	3,438	3,495	57
Charges for Services	74,586	74,586	75,813	1,227
Fines, Licenses and Permits	326,832	273,596	332,207	58,611
Miscellaneous	54,763	54,763	52,614	(2,149)
<i>Total Revenues</i>	<u>2,384,814</u>	<u>2,331,578</u>	<u>2,426,913</u>	<u>95,335</u>
Expenditures				
Current:				
General Government	1,195,296	1,151,740	1,063,557	88,183
Security of Persons and Property:				
Police	989,955	928,313	879,903	48,410
Fire	319,640	326,207	357,639	(31,432)
Debt Service:				
Principal Retirement	102,426	102,426	102,426	0
Interest and Fiscal Charges	19,076	19,076	19,076	0
<i>Total Expenditures</i>	<u>2,626,393</u>	<u>2,527,762</u>	<u>2,422,601</u>	<u>105,161</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(241,579)	(196,184)	4,312	200,496
Other Financing Uses				
Transfers Out	0	0	(13,000)	(13,000)
<i>Net Change in Fund Balance</i>	(241,579)	(196,184)	(8,688)	187,496
<i>Fund Balance Beginning of Year</i>	674,974	674,974	674,974	0
Prior Year Encumbrances Appropriated	128,448	128,448	128,448	0
<i>Fund Balance End of Year</i>	<u>\$561,843</u>	<u>\$607,238</u>	<u>\$794,734</u>	<u>\$187,496</u>

See accompanying notes to the basic financial statements

City of Campbell, Ohio
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual (Budget Basis)
Park Fund
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Income Taxes	\$159,100	\$159,100	\$154,509	(\$4,591)
Intergovernmental	0	0	15,932	15,932
Charges for Services	11,000	11,000	10,687	(313)
Miscellaneous	0	0	3	3
<i>Total Revenues</i>	170,100	170,100	181,131	11,031
Expenditures				
Current:				
Leisure Time Activities	244,388	248,528	138,181	110,347
<i>Excess of Revenues Over Expenditures</i>	(74,288)	(78,428)	42,950	121,378
<i>Fund Balance Beginning of Year</i>	403,651	403,651	403,651	0
<i>Fund Balance End of Year</i>	\$329,363	\$325,223	\$446,601	\$121,378

See accompanying notes to the basic financial statements

City of Campbell, Ohio
Statement of Fund Net Assets - Modified Cash Basis
Enterprise Funds
December 31, 2010

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Current Assets			
Equity in Pooled Cash and Cash Equivalents	<u>\$586,076</u>	<u>\$268,175</u>	<u>\$854,251</u>
Net Assets			
Unrestricted	<u>\$586,076</u>	<u>\$268,175</u>	<u>\$854,251</u>

See accompanying notes to the basic financial statements

City of Campbell, Ohio
*Statement of Cash Receipts,
Disbursements and Changes in Fund Net Assets - Modified Cash Basis
Enterprise Funds
For the Year Ended December 31, 2010*

	Water	Sewer	Total
Operating Receipts			
Charges for Services	\$1,719,150	\$149,979	\$1,869,129
Miscellaneous	26,547	0	26,547
<i>Total Operating Receipts</i>	<u>1,745,697</u>	<u>149,979</u>	<u>1,895,676</u>
Operating Disbursements			
Personal Services	453,845	0	453,845
Fringe Benefits	281,958	0	281,958
Contractual Services	561,843	106,193	668,036
Materials and Supplies	177,617	0	177,617
Capital Outlay	31,705	0	31,705
Miscellaneous	5,927	0	5,927
<i>Total Operating Disbursements</i>	<u>1,512,895</u>	<u>106,193</u>	<u>1,619,088</u>
<i>Operating Income</i>	<u>232,802</u>	<u>43,786</u>	<u>276,588</u>
Non-Operating Receipts (Disbursements)			
Redemption of Principal	(166,485)	0	(166,485)
Interest and Fiscal Charges	(98,169)	0	(98,169)
<i>Total Non-Operating Disbursements</i>	<u>(264,654)</u>	<u>0</u>	<u>(264,654)</u>
<i>Change in Net Assets</i>	<u>(31,852)</u>	<u>43,786</u>	<u>11,934</u>
<i>Net Assets Beginning of Year</i>	<u>617,928</u>	<u>224,389</u>	<u>842,317</u>
<i>Net Assets End of Year</i>	<u><u>\$586,076</u></u>	<u><u>\$268,175</u></u>	<u><u>\$854,251</u></u>

See accompanying notes to the basic financial statements

City of Campbell, Ohio
Statement of Fiduciary Assets and Liabilities - Modified Cash Basis
Agency Funds
December 31, 2010

Assets	
Equity in Pooled Cash and Cash Equivalents	\$368,014
Cash and Cash Equivalents in Segregated Accounts	<u>77,515</u>
<i>Total Assets</i>	<u><u>\$445,529</u></u>
 Liabilities	
Due to Others	\$112,721
Due to Other Governments	<u>332,808</u>
<i>Total Liabilities</i>	<u><u>\$445,529</u></u>

See accompanying notes to the basic financial statements

City of Campbell, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

Note 1 - Reporting Entity

The City of Campbell is a charter municipal corporation formed under the laws of the State of Ohio. The City operates under its own Charter made effective November 3, 1970. The Charter, as amended, provides for a Council-Mayor form of government.

The Mayor, elected by the voters for a two-year term, is the head of the municipal government for ceremonial, administrative, and executive purposes and presides at Council meetings. He also appoints all department heads and executes all contracts, conveyances and evidences of indebtedness of the City.

Legislative authority is vested in a five member council with the President of Council being elected at large and four members elected to specific wards and serves a term of two years. Council enacts ordinances and resolutions relating to tax levies, appropriates and borrows money and accepts bids for materials and services and other municipal purposes.

On June 10, 2004, the Auditor of State's office declared the City of Campbell to be in a state of fiscal emergency in accordance with Section 118.03, Ohio Revised Code. The declaration resulted in the establishment of a Financial Planning and Supervision Commission. The Commission is comprised of the Mayor of the City, Council President, three financial consultants appointed by the Governor from various corporations and/or organizations who reside or work within the City and two representatives from the State of Ohio. This Commission approved a financial recovery plan which had been adopted by the City and the plan must be updated annually. Once the plan has been adopted, the City's discretion is limited in that all financial activity of the City must be conducted in accordance with the plan.

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the City consists of all funds, agencies, departments and offices that are not legally separate from the City. For the City of Campbell this includes the departments and agencies that provide the following services: police and fire protection, emergency medical, parks, recreation, street maintenance and municipal court.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to the organization; or the City is obligated for the debt of the organization. Component units may also include organizations for which the City approves the budget, the issuance of debt or the levying of taxes. The City has no component units.

Note 2 - Summary of Significant Accounting Policies

As discussed further in Note 2, these financial statements are presented on a modified cash basis of accounting. This modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the modified cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the modified cash basis of accounting, unless those

City of Campbell, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The City does not apply FASB statements issued after November 30, 1989, to its business-type activities and to its enterprise funds. Following are the more significant of the City's accounting policies.

Basis of Presentation

The City's basic financial statements consist of a government-wide statement of net assets and a statement of activities and fund financial statements providing a more detailed level of financial information.

Government-wide Financial Statements The statement of net assets and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the City that are governmental and those that are considered business-type.

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

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

Proprietary fund statements distinguish operating transactions from nonoperating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the funds' principal services. Operating disbursements include costs of sales and services and administrative costs. The fund statements report all other receipts and disbursements as nonoperating.

Fund Accounting

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

Governmental Funds Governmental funds are those through which most governmental functions of the City are financed. The following are the City's major governmental funds:

City of Campbell, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

General Fund The general fund accounts for and reports all financial resources except those required to be accounted for in another fund. The general fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of Ohio.

Park Fund The park fund accounts for and reports income tax proceeds and user charges received from the citizens of the City. Expenditures are restricted to projects within the park.

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

Proprietary Funds The City classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds are classified as either enterprise or internal service. The City has no internal service funds. The following are descriptions of the City's enterprise funds.

Water Fund The water fund accounts for revenues generated from the charges for distribution of water service to the residential and commercial users located within the City.

Sewer Fund The sewer fund accounts for sewer services to the residential and commercial users located within the City. The costs of providing these services are financed primarily through user charges.

Fiduciary Funds Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City only utilizes the agency fund type. The agency funds accounts for the sewer amounts collected and paid to Mahoning County and amounts collected by the municipal court that are paid to other governments.

Basis of Accounting

The City's financial statements are prepared using the modified cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the City's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the City are described in the appropriate section in the note.

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

Cash and Cash Equivalents

To improve cash management, cash received by the City is pooled and invested. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through City records. Interest in the pool is presented as "equity in pooled cash and cash equivalents".

City of Campbell, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2010 amounted to \$3,495, \$2,007 of which was assigned from other City funds.

The City values investments and cash equivalents at cost. For presentation on the financial statements, the City classifies investments of the cash management pool as cash equivalents.

The City has segregated bank accounts for monies held separate from the City's central bank account. These depository accounts are presented on the balance sheet as "cash and cash equivalents in segregated accounts."

Inventory and Prepaid Items

On the cash-basis of accounting, inventories of supplies and food service items are reported as disbursements when purchased. These items are not reflected as assets in the accompanying financial statements.

Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the City's modified cash basis of accounting.

Long-term Obligations

The City's modified cash basis financial statements do not report liabilities for bonds and other long-term obligations. These statements report proceeds of debt when cash is received and debt service disbursements for debt principal and interest payments are reported when paid.

Fund Balance

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

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

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

Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the City can

City of Campbell, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

be compelled by an external party-such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (ordinance or resolution) of City Council. Those committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by City Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints are not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the City Council.

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

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

Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through constitutional provisions, enabling legislation (adopted by the City) or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net assets restricted for other purposes include parks and recreation, law library and court computerization.

The City first applies restricted resources when incurring a disbursement for which it may use either restricted or unrestricted resources.

Interfund Activity

The statements report exchange transactions between funds as receipts in the seller funds and as disbursements in the purchasing funds. Nonexchange flows of cash from one fund to another are reported as interfund transfers. Governmental funds report interfund transfers as other financing sources/uses; proprietary funds report transfers after nonoperating receipts and disbursements. The statements do not report repayments from funds responsible for particular disbursements to the funds initially paying the costs.

City of Campbell, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

Budgetary Process

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

The certificate of estimated resources may be amended during the year if the City Finance Director projects increases or decreases in receipts. The amounts reported as the original budget in the budgetary statements reflect the amounts in the certificate of estimated resources when the City Council adopted the original appropriations. The amounts reported as the final budget in the budgetary statements reflect the amounts in the amended certificate of estimated resources in effect at the time the final appropriations ordinance were passed by City Council.

The City Council may amend appropriations throughout the year with the restriction that appropriations may not exceed estimated resources. The amounts reported as the original budget reflect the first appropriation ordinance for a fund covering the entire year, including amounts automatically carried over from prior years. The amounts reported as the final budget represent the final appropriation ordinance the City Council passed during the year.

Note 3 – Compliance

Ohio Administrative Code, section 117-2-03 (B), requires the City to prepare its annual financial report in accordance with generally accepted accounting principles. However, the City prepared its financial statements on a modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements omit assets, liabilities, net assets/fund balances, and disclosures that, while material, cannot be determined at this time. The City can be fined and various other administrative remedies may be taken against the City.

The budgetary financial statements reflect amounts that ordinarily would result in noncompliance citations under Revised Code Chapter 5705. Since the City is in fiscal emergency, however, its financial operations are restricted by the provisions of Chapter 118 rather than Chapter 5705. Citations to Chapter 5705 would therefore be presented only for funds which did not contribute to the City being placed in fiscal emergency.

Note 4 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis for the general fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the modified cash basis is that outstanding year end encumbrances are treated as expenditures (budgetary basis) rather than as a reservation of fund balance (modified cash basis). The general fund encumbrances outstanding at year end (budgetary basis) amounted to \$39,137.

City of Campbell, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

Note 5 – Change in Accounting Principle

Change in Accounting Principle

For fiscal year 2010, the City has implemented Governmental Accounting Standard Board (GASB) Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions”. GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of this statement had no effect on the City’s financial statements.

Note 6 - Fund Balances

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

Fund Balances	General	Park	Nonmajor Governmental Funds	Total
<i>Restricted for</i>				
Unclaimed Monies	\$21,264	\$0	\$0	\$21,264
Recreation	0	450,866	0	450,866
Public Safety	0	0	254,157	254,157
Street Maintenance	0	0	321,774	321,774
Recycling	0	0	23,470	23,470
Enforcement and Education	0	0	196,169	196,169
Community Development	0	0	54,630	54,630
Capital Improvements	0	0	56,100	56,100
<i>Total Restricted</i>	21,264	450,866	906,300	1,378,430
<i>Assigned to</i>				
Other Purposes	39,137	0	0	39,137
<i>Unassigned (Deficit)</i>	773,470	0	(30,898)	742,572
<i>Total Fund Balances</i>	\$833,871	\$450,866	\$875,402	\$2,160,139

Note 7 - Deposits and Investments

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

Active deposits are public deposits determined to be necessary to meet current demands upon the City treasury. Active monies must be maintained either as cash in the City 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 that Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of

City of Campbell, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

Interim monies held by the City can 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 payment of principal and 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, 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 securities listed above;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations provided that investments in securities described in the division are made only through eligible institutions; and
6. The State Treasurer's investment pool (STAROhio);

The City may also invest monies not required to be used for a period of six months or more in the following:

1. Bonds of the State of Ohio;
2. Bonds of any municipal corporation, village, county, township, or other political subdivision of this State, as to which there is no default of principal, interest, or coupons;
3. Obligations of the City.

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 City, 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 finance director or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

City of Campbell, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

Deposits

Custodial Credit Risk Custodial credit risk for deposits is the risk that in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$3,278,088 of the City's bank balance of \$3,628,579 was uninsured and uncollateralized. Although the securities were held by the pledging financial institutions' trust department and all statutory requirements for the investment of money had been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the FDIC.

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

Investments

Investments are reported at fair value. As of December 31, 2010, the City had an investment in a no load money market mutual fund for \$14,073.

Interest Rate Risk As a means of limiting its exposure to fair value losses caused by rising interest rates, the City's investment policy requires that operating funds be invested primarily in short-term investments maturing within five years from the date of purchase, unless they are matched to a specific obligation or debt of the City, and that the City's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments. The stated intent of the policy is to avoid the need to sell securities prior to maturity. State statute limits investments in repurchase agreements to 30 days and the market value of the securities must exceed the principal value of the agreement by at least 2 percent and be marked to market daily.

Credit Risk The no load money market mutual fund carries a rating of AAA by Standard & Poor's. The City has no investment policy that addresses credit risk.

Custodial Credit Risk For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The underlying securities of the repurchase agreement are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty. The City has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

Note 8 – Receivables

Property Taxes

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Property tax revenue received during 2010 for real and public utility property taxes represents collections of the 2009 taxes. Property tax payments received during 2010 for tangible personal property (other than public utility property) is for 2010 taxes.

City of Campbell, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

2010 real property taxes are levied after October 1, 2010, on the assessed value as of January 1, 2010, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2010 real property taxes are collected in and intended to finance 2011.

Real property taxes are payable annually or semi-annually. If paid annually, the payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2010 public utility property taxes which became a lien December 31, 2009, are levied after October 1, 2010, and are collected in 2011 with real property taxes.

Tangible personal property tax revenue received during 2010 (other than public utility property tax) represents the collection of 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. Tangible personal property taxes received from telephone companies in 2010 were levied after October 1, 2009, on the value as of December 31, 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all City operations for the year ended December 31, 2010 was \$6.20 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2010 property tax receipts were based are as follows:

Real Property	
Residential/Agricultural	\$70,148,990
Other Real Estate	6,542,750
Public Utility Personal Property	<u>2,530,890</u>
Total	<u><u>\$79,222,630</u></u>

The City voters passed a five year 3.5 mill property tax levy to help pay for current financial responsibilities.

The County Treasurer collects property tax on behalf of all taxing districts within the City. The County Auditor periodically remits to the taxing districts their portions of the taxes collected.

Income Tax

The City levies and collects an income tax of 2.5 percent on all income earned within the City as well as on income of residents earned outside the City. In the latter case, the City allows a credit of 100 percent of the tax paid to another municipality, not to exceed the amount owed. Employers within the City are required to withhold income tax on employee earnings and remit the tax to the City quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually. In 2010, the proceeds were allocated ninety percent to the general fund and ten percent to the park special revenue fund.

City of Campbell, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

Note 9 - Contingencies

Grants

The City receives financial assistance from federal and state 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 are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or any other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the City at December 31, 2010.

Litigation

The City of Campbell is a party to legal proceedings. The City management is of the opinion that ultimate disposition of these claims and legal proceedings will not have a material effect, if any, on the financial condition of the City.

Note 10 - Risk Management

The City of Campbell is exposed to various risks of loss to torts; thefts of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disaster. During 2010, the City contracted with Ohio Plan Insurance for various types of insurance coverage as follows:

<u>Type</u>	<u>Coverage</u>	<u>Deductible</u>
Inland Marine	\$329,135	\$500
Property	21,622,905	1,000
Electronic Data Processing	100,000	500
Crime	137,100	100
Fleet Vehicle		
Physical Damage	50,000	500
Liability	2,000,000	500

Settled claims have not exceeded this coverage in any of the last three years. There has not been significant reduction in coverage from the prior year.

Healthcare is provided through Anthem with single coverage of \$5,224.80 per year, husband and wife coverage of \$11,416.08 per year, parent and child coverage of \$8,971.80 per year and full family coverage of \$16,171.32 per year.

Workers' compensation is provided by the State. The City pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

City of Campbell, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

Note 11 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Plan Description – The City participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units and 18.1 percent of covered payroll for law and public safety employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10 percent of covered payroll. For the year ended December 31, 2010, members in state and local classifications contributed 10 percent of covered payroll while public safety and law enforcement members contributed 10.5 percent and 11.1 percent, respectively. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan. For 2010, member and employer contribution rates were consistent across all three plans.

The City's 2010 contribution rate was 14.0 percent, except for those plan members in law enforcement or public safety, for whom the City's contribution was 17.87 percent of covered payroll. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. The portion of employer contribution allocated to health care for members in the Traditional Plan was 5.5 percent from January 1 through February 28, 2010, and 5 percent from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73 percent from January 1 through February 28, 2010, and 4.23 percent from March 1 through December 31, 2010. Employer contribution rates are actuarially determined.

The City's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2010, 2009 and 2008 were \$93,356, \$88,783 and \$97,431, respectively. For 2010, 77.93 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2009 and 2008. There were no contributions to the member-directed plan for 2010.

City of Campbell, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

Ohio Police and Fire Pension Fund

Plan Description – The City contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – The Ohio Revised Code requires plan members to contribute 10.0 percent of their annual covered salary, while employers are required to contribute 19.5 percent for police officers and 24.0 percent for firefighters.

The OP&F Pension Fund is authorized by the Ohio Revised Code to allocate a portion of the employer contributions to retiree health care benefits. The portion of employer contributions used to fund pension benefits was 12.75 percent of covered payroll for police officers and 17.25 percent of covered payroll for firefighters. The City's contributions to OP&F for police and firefighters were \$79,089 and \$45,028 for the year ended December 31, 2010, \$69,311 and \$38,369 for the year ended December 31, 2009, and \$81,526 and \$45,725 for the year ended December 31, 2008, respectively. 75.47 percent for police and 75.74 percent for firefighters has been contributed for 2010 with the balance for both police and firefighters being reported as an intergovernmental payable. The full amount has been contributed for 2009 and 2008.

In addition to current contributions, the City pays installments on the accrued liability incurred when the State of Ohio established the statewide pension system for police and fire fighters in 1967. As of December 31, 2010, the unfunded liability of the City was \$536,259 payable in semi-annual payments through the year of 2035. This is an accounting liability of the City which will not vary.

Note 12 - Postemployment Benefits

Ohio Public Employees Retirement System

Plan Description – Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan—a cost sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan—a defined contribution plan; and the Combined Plan—a cost sharing, multiple employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. The plan includes a medical plan, prescription drug program and Medicare Part B premium reimbursement.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not mandate, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

City of Campbell, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The post-employment health care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care through contributions to OPERS. A portion of each employer’s contribution to OPERS is set aside for the funding of post-retirement health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2010, state and local employers contributed at a rate of 14.0 percent of covered payroll, and public safety and law enforcement employers contributed at 17.87 percent. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units and 18.1 percent of covered payroll for law and public safety employer units.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 5.5 percent from January 1 through February 28, 2010, and 5 percent from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73 percent from January 1 through February 28, 2010, and 4.23 percent from March 1 through December 31, 2010.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment health care plan.

The City’s contributions allocated to fund post-employment health care benefits for the years ended December 31, 2010, 2009 and 2008 were \$53,167, \$37,187 and \$61,937, respectively. For 2010, 77.93 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2009 and 2008.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased on January 1 of each year from 2006 to 2008. Rates for law and public safety employers increased over a six year period beginning on January 1, 2006, with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

Ohio Police and Fire Pension Fund

Plan Description – The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored health care program, a cost-sharing multiple-employer defined post-employment health care plan administered by OP&F. OP&F provides health care benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long-term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45.

City of Campbell, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

The Ohio Revised Code allows, but does not mandate OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required by Ohio Revised Code to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5 percent and 24.0 percent of covered payroll for police and fire employers, respectively. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. One for health care benefits under an IRS Code Section 115 trust and one for Medicare Part B reimbursements administrated as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2010, the employer contribution allocated to the health care plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions to OP&F which were allocated to fund post-employment health care benefits for police and firefighters were \$41,870 and \$17,619 for the year ended December 31, 2010, \$45,716 and \$18,299 for the year ended December 31, 2009, and \$50,064 and \$20,385 for the year ended December 31, 2008. 75.47 percent has been contributed for police and 75.74 percent has been contributed for firefighters for 2010 with the balance for both police and firefighters being report as an intergovernmental payable. The full amount has been contributed for 2009 and 2008.

City of Campbell, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

Note 13 - Long-Term Obligations

Original issue amounts and interest rates of the City's debt issues were as follows:

Debt Issue	Interest Rate	Original Issue	Year of Maturity
Governmental Activities			
<i>Local Government Fund Notes - 2005</i>	6.23%	\$746,939	2012
Business-Type Activities			
<i>OWDA Loans</i>			
Water Treatment Plant - 2000	5.16 - 5.54%	2,421,405	2024
<i>OPWC Loans</i>			
Liberty Sewer Water Tank - 1999	0.00%	809,670	2021
Water System Improvement - 1994	0.00%	505,300	2011

The changes in long-term obligations during the year were as follows:

	Balance 12/31/09	Additions	Reductions	Balance 12/31/10	Amounts Due in One Year
Governmental Activities					
<i>Local Government Fund Notes</i>	\$327,387	\$0	(\$102,426)	\$224,961	\$108,995
<i>Other</i>					
Police and Fire Pension	548,551	0	(12,292)	536,259	12,820
Total Governmental Activities	\$875,938	\$0	(\$114,718)	\$761,220	\$121,815
Business-Type Activities					
<i>OWDA Loans</i>					
Water Treatment Plant	\$1,782,550	\$0	(\$92,315)	\$1,690,235	\$97,375
<i>OPWC Loans</i>					
Liberty Sewer Water Tank	465,560	0	(40,483)	425,077	40,484
Water System Improvement	50,530	0	(33,687)	16,843	16,843
Total OPWC Loans	516,090	0	(74,170)	441,920	57,327
Total Business-Type Activities	\$2,298,640	\$0	(\$166,485)	\$2,132,155	\$154,702

The local government fund notes and the police and fire pension liability will be paid from the general fund. The OWDA and OPWC loans will be paid with user charges from the water enterprise fund. The OWDA loans received a one-year forgiveness period due to the City's current financial constraints. Payments commenced during 2005. The OPWC loans received a two year forgiveness period due to the economic hardships that the City is facing. Payments commenced during 2006.

The City's overall legal debt margin was \$8,093,415 with an unvoted debt margin of \$4,132,284 at December 31, 2010. Principal and interest requirements to retire long-term obligations outstanding at December 31, 2010 are as follows:

City of Campbell, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

	Local Government		Police and Fire	
	Fund Notes		Pension Liability	
	Principal	Interest	Principal	Interest
2011	\$108,995	\$12,506	\$12,820	\$22,656
2012	115,966	5,535	13,370	22,106
2013	0	0	13,945	21,531
2014	0	0	14,544	20,932
2015	0	0	15,168	20,308
2016 - 2020	0	0	86,192	91,188
2021 - 2025	0	0	106,362	71,017
2026 -2030	0	0	131,254	46,127
2031 -2035	0	0	142,604	15,446
Total	<u>\$224,961</u>	<u>\$18,041</u>	<u>\$536,259</u>	<u>\$331,311</u>

	Business-Type Activities		
	OWDA		OPWC
	Loan		Loans
	Principal	Interest	Principal
2011	\$97,375	\$93,109	\$57,327
2012	102,712	87,771	40,484
2013	108,343	82,141	40,484
2014	114,283	76,201	40,484
2015	98,261	70,220	40,484
2016 - 2020	579,249	263,159	202,420
2021 - 2025	590,012	83,917	20,237
	0	0	0
Total	<u>\$1,690,235</u>	<u>\$756,518</u>	<u>\$441,920</u>

Note 14 – Interfund Transfers

During 2010, the general fund transferred \$13,000 to the area on aging special revenue fund to eliminate a deficit cash balance.

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Dave Yost • Auditor of State

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

City of Campbell
Mahoning County
351 Tenney Avenue
Campbell, Ohio 44405

To the City Council:

We have audited the financial statements of the City of Campbell (the "City") as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated July 16, 2012 wherein we noted the City followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also noted the City is experiencing financial difficulties and is in fiscal emergency. Further, we noted the Auditor of State served during the years ended December 31, 2011 and 2010 as the City's financial supervisor under Ohio Revised Code § 118.05 (G). We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses and other deficiencies we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and timely corrected. We consider finding 2011-02 described in the accompanying schedule of findings to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider findings 2011-05 and 2011-06 described in the accompanying schedule of findings to be significant deficiencies.

Compliance and Other Matters

As part of reasonably assuring whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2011-01 through 2011-04.

We also noted certain matters not requiring inclusion in this report that we reported to the City's management in a separate letter dated July 16, 2012.

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the City's responses and, accordingly, we express no opinion on them.

We intend this report solely for the information and use of management, City Council, and others within the City. We intend it for no one other than these specified parties.



Dave Yost
Auditor of State

July 16, 2012

**CITY OF CAMPBELL
MAHONING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2011 AND 2010**

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

FINDING NUMBER 2011-01

NONCOMPLIANCE

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

Ohio Administrative Code § 117-2-03 (B) requires the City to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. However, the City prepares its financial statements in accordance with standards established by the Auditor of State for governmental entities not required to prepare annual reports in accordance with accounting principles generally accepted in the United States of America. The accompanying financial statements and notes omit assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time. The City can be fined and various other legal administrative remedies may be taken against the City.

We recommend the City prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America.

Official's Response:

The City of Campbell's Finance Director and Administration will proceed to correct and remedy all deficiencies and audit findings as identified by the Office of the Auditor of State.

FINDING NUMBER 2011-02

NONCOMPLIANCE AND MATERIAL WEAKNESS

Financial Plan for the City of Campbell Fiscal Emergency Mahoning County, Ohio, December 2004, states the Finance Director will close the books of the City and prepare monthly reconciliations by the 12th of every month, (this plan was modified March 2011 and changed the requirement for submission to the 21st of every month.)

The City could not provide us with monthly cash reconciliations for the period January 1, 2010 through December 31, 2011. Therefore, additional measures were preformed to ensure the City's cash fund balances agreed to their depository balances. The results of these procedures identified the City's 2011 ending fund balances were understated by \$9,962, and the 2010 ending fund balances were overstated by \$21,672. The City could not determine which funds were affected by the discrepancy. As a result, adjustments to the General Fund were made to account for the discrepancies.

**FINDING NUMBER 2011-02
(Continued)**

We recommend the City investigate their financial records to determine the origin of the variances, and take corrective action to ensure this situation does not occur in the future. In addition, we recommend the City close its books and prepare monthly cash reconciliations by the 21st of every month to determine whether the City's depository balances agree to its cash fund balances. Furthermore, the performance of timely cash reconciliations will facilitate the correction of any discrepancies, and provide management with accurate information for decision making processes.

Official's Response:

The City of Campbell's Finance Director and Administration will proceed to correct and remedy all deficiencies and audit findings as identified by the Office of the Auditor of State.

FINDING NUMBER 2011-03

NONCOMPLIANCE

Ohio Revised Code § 5705.41(D) prohibits a subdivision or taxing unit from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Further, contracts and orders for expenditures lacking prior certification shall be null and void.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

A. "Then and Now" Certificate - If the fiscal officer can certify that both at the time the contract or order was made ("then"), and at the time the fiscal officer is completing the certificate ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrances, the City can authorize the drawing of a warrant for the payment of the amount due. The City has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the City.

B. Blanket Certificate - Fiscal officers may prepare "blanket" certificates not exceeding an amount established by resolution or ordinance adopted by the legislative authority against any specific line item account over a period not running beyond the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any particular line item appropriation.

**FINDING NUMBER 2011-03
(Continued)**

C. Super Blanket Certificate - The City may also make expenditures and contracts for any amount from a specific line item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonable predictable operating expense. This certificate is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

17 out of 53 expenditures tested for 2011 and 2010 were not certified by the fiscal officer at the time the commitment was incurred, and there was no evidence the City followed the aforementioned exceptions. Failure to properly certify the availability of the funds can result in overspending funds and negative cash fund balances.

Unless the exceptions noted above are used, prior certification is not only required by statute, but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the City's funds exceeding budgetary spending limitations, we recommend the Finance Director certify that funds are or will be available prior to the obligation of the City. When prior certification is not possible, "then and now" certification should be used.

We recommend the City certify expenditures to which § 5705.41(D) applies. The most convenient certification method to authorize disbursements is to use purchase orders that include certification language required by § 5705.41(D). The fiscal officer should sign the certification at the time the City incurs a commitment, and only when the requirements of § 5705.41(D) are satisfied. The fiscal officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

Official's Response:

The City of Campbell's Finance Director and Administration will proceed to correct and remedy all deficiencies and audit findings as identified by the Office of the Auditor of State.

FINDING NUMBER 2011-04

NONCOMPLIANCE

Charter of the City of Campbell, Ohio § 5.04 provides the Director of Administration may, within the amounts and items appropriated by the Council, make purchases and enter into contracts in behalf of the City involving expenditures not in excess of one thousand dollars (\$1,000).

No contract involving expenditures in excess of one thousand dollars (\$1,000) shall be entered into without prior approval of the Board of Control. The Board of Control for consideration and awarding of contracts shall consist of the Mayor, Director of Administration, Director of Finance, and the Director of Law. All meetings of the Board of Control shall be open to the public.

No purchase or contract involving an expenditure of more than one thousand dollars (\$1,000) shall be made except with a qualified, responsible bidder submitting the lowest and best bid as determined by the Board of Control after advertising for bids in a newspaper of general circulation within the municipality on two successive weeks. The decision of the Board of Control as to the qualifications and responsibility of the bidder shall be final, provided the Board of Control acts in good faith. The Board of Control may reserve the right to reject any and all bids.

City of Campbell

**FINDING NUMBER 2011-04
(Continued)**

It is further provided, however, that the Board of Control may authorize contracts for personal services without advertising for bids and may authorize purchases or enter into contracts involving an expenditure of more than one thousand dollars (\$1,000) without advertising for bids if Council determines and declares by an affirmative vote of at least four members that an emergency exists, sets forth the nature of the emergency in its ordinance or resolution, and appropriates the necessary funds.

During an examination of the City's contractual expenditures that were subject to Board of Control approval and competitive bidding procedures, we identified 15 out of 38 expenditures where the City could not provide evidence indicating the Board of Control approved these expenditures, or competitive bidding procedures were properly followed pursuant to the Charter provisions set forth above.

We recommend the City comply with the aforementioned Charter provision to ensure the City is obtaining the lowest and best bid available for expenditures exceeding \$1,000.

Official's Response:

The City of Campbell's Finance Director and Administration will proceed to correct and remedy all deficiencies and audit findings as identified by the Office of the Auditor of State.

FINDING NUMBER 2011-05

SIGNIFICANT DEFICIENCY

We identified the following problems with the City's management of checks:

- Check number 16442 dated December 29, 2011, was recorded in the 2011 Check Register for \$3,259, but the check was written for \$69,392. This resulted in an audit adjustment to the City's accounting records in the amount of \$66,133.
- Check number 16441 was dated January 5, 2012, the check was out of sequence as subsequent check numbers 16442 through 16480 were recorded in the 2011 Check Register. This situation resulted in discrepancies in determining the last check issued for the year in order to ensure that financing activity was recorded in the proper period.
- Fourteen checks in 2008, five checks in 2009, 13 checks in 2010, and 17 checks in 2011 cleared the bank at amounts that were different than the amounts recorded in the City's Check Register. This resulted in reconciling items on the City's cash reconciliation.
- Six checks in 2008, three checks in 2009, two checks in 2010, and eight checks in 2011 cleared the bank, but were not recorded in the City's Check Register. This resulted in reconciling items on the City's cash reconciliation.

These errors may lead to items not properly accounted for on the City's cash reconciliations or financial statements, resulting in the inability to reconcile. Moreover, the inability to reconcile affects the determination of a proper cutoff of cash when preparing annual financial statements. Audit adjustments are properly reflected in the City's financial statements.

We recommend the City issue checks in sequential order, in the proper period, and checks should be system generated instead of manual, to ensure the amounts recorded in the City's accounting records are the same as the amounts that clear the bank, and ensure that all checks that clear the bank are properly accounted for in the City's records.

**FINDING NUMBER 2011-05
(Continued)**

Official's Response:

The City of Campbell's Finance Director and Administration will proceed to correct and remedy all deficiencies and audit findings as identified by the Office of the Auditor of State.

FINDING NUMBER 2011-06

SIGNIFICANT DEFICIENCY

The City records miscellaneous cash receipts as a journal entry in their Miscellaneous Cash Receipts Journal so that deposit amounts can be reconciled. A batch total of these receipts get posted to the City's Revenue Audit Trail Ledger, which is utilized to develop the City's financial statements and various reports.

During our examination of the City's 2011 intergovernmental receipts, we identified three receipts totaling \$27,681 that were recorded in the Miscellaneous Cash Receipts Journal, but not reflected in the Revenue Audit Trail Ledger. These receipts were posted to the Miscellaneous Cash Receipts Journal with invalid account codes that were not recognized by the Revenue Audit Trail Ledger. In addition, we identified three 2010 receipts totaling \$18,906 that were deposited in the bank, but not recorded in the accounting records. As a result, the City's Financial Statements required audit adjustments to reflect this activity.

This situation could lead to discrepancies in the City's monthly cash reconciliations and status reports, incorrect financial statements and increases the risk of not recording transactions properly.

We recommend that Council develop internal control over their financial reporting system to ensure that batch receipts recorded in the Miscellaneous Cash Receipts Journal, are properly coded and always recorded into the Revenue Audit Trail Ledger as they occur. In addition, ensure that all deposits reflected in the bank statements were posted to the accounting records. This will help ensure the accuracy and completeness of the City's monthly cash reconciliations and reports, and financial statements used by Council in making financial decisions, and monitoring the City's financial activity.

Official's Response:

The City of Campbell's Finance Director and Administration will proceed to correct and remedy all deficiencies and audit findings as identified by the Office of the Auditor of State.

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**CITY OF CAMPBELL
MAHONING COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2011 AND 2010**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2009-01	Ohio Administrative Code 117-2-03(B), the City did not prepare its annual financial report in accordance with generally accepted accounting principles.	No	Not Corrected. See current year finding number 2011-01.
2009-02	Ohio Revised Code § 149.43, City could not provide certain public records, and could not provide others in a timely manner.	Yes	N/A
2009-03	ORC § 5705.41(D), failure to certify funds.	No	Not Corrected. See current year finding number 2011-03.
2009-04	Financial Plan for the City of Campbell Fiscal Emergency Mahoning County, Ohio, December 16, 2004, Finance Director did not close the books of the City and prepare monthly reconciliations by the 12 th of every month.	No	Not Corrected. See current year finding number 2011-02.
2009-05	Charter of the City of Campbell, Ohio § 5.04, failure to obtain Board of Control approval and competitive bidding procedures for purchases exceeding \$1,000.	No	Not Corrected. See current year finding number 2011-04.
2009-06	Significant Deficiencies – Deficiencies noted in the City’s management of checks due to a lack of internal controls.	No	Not Corrected. See current year finding number 2011-05.

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Dave Yost • Auditor of State

CITY OF CAMPBELL

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
AUGUST 30, 2012**