



Dave Yost • Auditor of State



**CAMPBELL CITY SCHOOL DISTRICT  
MAHONING COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditor's Report .....	1
Management's Discussion and Analysis.....	5
Statement of Net Position .....	13
Statement of Activities.....	14
Balance Sheet - Governmental Funds.....	15
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities .....	16
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	17
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	18
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual - General Fund.....	19
Statement of Fiduciary Net Position – Fiduciary Funds.....	20
Statement of Changes in Fiduciary Net Position – Fiduciary Fund .....	21
Notes to the Basic Financial Statements .....	22
Schedule of Federal Awards Receipts and Expenditures.....	47
Notes to the Schedule of Federal Awards Receipts and Expenditures .....	48
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	49
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133 .....	51
Schedule of Findings.....	54
Corrective Action Plan.....	58
Schedule of Prior Audit Findings.....	60
Independent Accountants' Report on Applying Agreed-Upon Procedure .....	61

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Campbell City School District, Mahoning County, Ohio (the District), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

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

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

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Campbell City School District, Mahoning County, Ohio, as of June 30, 2013, and the respective changes in financial position thereof and the budgetary comparison for the General fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note 3 to the financial statements, during the year ended June 30, 2013, the District adopted the provisions of Governmental Accounting Standard No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position" and No. 65, "items previously reported as Assets and Liabilities". We did not modify our opinion regarding this matter.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

*Supplementary Information*

Our audit was conducted to opine on the District's basic financial statements taken as a whole.

The Schedule of Federal Award Receipts and Expenditures presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is also not a required part of the financial statements.

The schedule is management's responsibility, and derives from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the schedule 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 schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 18, 2014, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State  
Columbus, Ohio

April 18, 2014

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**Campbell City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2013*  
*Unaudited*

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As management of the Campbell City School District (the School District), we offer readers of the School District's financial statements this narrative and analysis of the financial activities of the School District for the fiscal year ended June 30, 2013. We encourage readers to consider the information presented here in conjunction with financial statements and notes to the basic financial statements to enhance their understanding of the School District's financial performance.

**Financial Highlights**

- In total, net position decreased due to a reduction in cash and cash equivalents resulting from an increase in tuition payments due to other districts and higher maintenance and repair expenditures as well as to a reduction in net capital assets. The decrease in net capital assets was due to an additional year of depreciation. The decrease in net position was partially offset by a reduction in total liabilities resulting from the continued pay-down of debt.
- The capital asset additions for fiscal year 2013 included the purchase of a new school bus and network technology equipment upgrades.
- Outstanding long-term obligations decreased during fiscal year 2013 due to annual general obligation debt and capital lease payments.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. The School District's basic financial statements are comprised of three components: (1) government-wide statements, (2) fund financial statements, and (3) notes to the basic financial statements.

***Government-wide Financial Statements*** The government-wide financial statements are designed to provide the reader with a broad overview of the School District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the School District's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference being reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statement distinguishes functions of the School District that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from those that are primarily supported through user charges (*business-type activities*). The School District has no business-type activities. The governmental activities of the School District include instruction, support services, extracurricular activities, operation of non-instructional services and interest and fiscal charges.

**Campbell City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2013*  
*Unaudited*

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***Fund Financial Statements*** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School District, like the State and local governments, uses fund accounting to ensure and demonstrate compliance with financial-related legal requirements. These fund financial statements focus on the School District's most significant funds. The School District's major governmental funds include the general fund and the bond retirement fund.

***Governmental Funds*** Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual*, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the School District's general governmental operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or difference) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

***Fiduciary Fund*** A fiduciary fund is used to account for resources held for the benefit of parties outside the government. The fiduciary fund is not reflected in the government-wide financial statement because the resources of this fund are not available to support the School District's own programs. These funds use the accrual basis of accounting.

***Notes to the Basic Financial Statements*** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

### **Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Table 1 provides a comparison of the School District's net position for 2013 compared to 2012.

**Campbell City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2013*  
*Unaudited*

**Table 1**  
Net Position  
Governmental Activities

	2013	2012	Change
<b>Assets</b>			
Current and Other Assets	\$4,764,793	\$5,401,625	(\$636,832)
Capital Assets, Net	31,843,653	32,613,945	(770,292)
<b>Total Assets</b>	<b>36,608,446</b>	<b>38,015,570</b>	<b>(1,407,124)</b>
<b>Deferred Outflows of Resources</b>	<b>0</b>	<b>104,186</b>	<b>(104,186)</b>
<b>Liabilities</b>			
Current Liabilities	2,077,746	1,979,180	(98,566)
Long-Term Liabilities			
Due Within One Year	406,834	349,413	(57,421)
Due in More Than One Year	3,890,175	4,276,709	386,534
<b>Total Liabilities</b>	<b>6,374,755</b>	<b>6,605,302</b>	<b>230,547</b>
<b>Deferred Inflows of Resources</b>	<b>2,026,318</b>	<b>2,099,872</b>	<b>73,554</b>
<b>Net Position</b>			
Net Investment in Capital Assets	28,456,134	29,142,944	(686,810)
Restricted for:			
Capital Projects	337,945	59,859	278,086
Debt Service	372,388	404,637	(32,249)
Set Asides	80,192	80,192	0
Other Purposes	532,627	752,575	(219,948)
Unrestricted (Deficit)	(1,571,913)	(1,025,625)	(546,288)
<b>Total Net Position</b>	<b>\$28,207,373</b>	<b>\$29,414,582</b>	<b>(\$1,207,209)</b>

Current assets decreased due to a reduction in cash and cash equivalents resulting from higher program expenditures, including maintenance and repair services as well as tuition payments due to other school districts and community schools. The decrease in capital assets was due to current year depreciation outpacing additions to capital assets.

Current liabilities increased during fiscal year 2013 due mainly to an increase in accounts payable as well as to an increase in matured compensated absences payable resulting from additional employees retiring at year end. Long-term liabilities decreased which can be attributed to annual payments on the School District's general obligation bonds and capital leases.

**Campbell City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2013*  
*Unaudited*

Table 2 shows the changes in net position for fiscal year 2013 compared to 2012.

**Table 2**  
 Changes in Net Position  
 Governmental Activities

	2013	2012	Change
<b>Program Revenues</b>			
Charges for Services and Sales	\$227,497	\$256,649	(\$29,152)
Operating Grants and Contributions	1,621,066	1,881,194	(260,128)
<i>Total Program Revenues</i>	<u>1,848,563</u>	<u>2,137,843</u>	<u>(289,280)</u>
<b>General Revenues</b>			
Property Taxes	2,102,328	2,221,856	(119,528)
Grants and Entitlements	11,159,037	10,884,747	274,290
Investment Earnings	23	376	(353)
Gas Royalties	293,646	0	293,646
Miscellaneous	84,861	86,550	(1,689)
<i>Total General Revenues</i>	<u>13,639,895</u>	<u>13,193,529</u>	<u>446,366</u>
<i>Total Revenues</i>	<u>15,488,458</u>	<u>15,331,372</u>	<u>157,086</u>
<b>Program Expenses</b>			
Instruction:			
Regular	7,131,833	7,392,222	260,389
Special	2,835,514	2,279,953	(555,561)
Vocational	168,400	234,045	65,645
Student Intervention Services	265,039	222,049	(42,990)
Support Services			
Pupil	342,749	388,600	45,851
Instructional Staff	535,214	637,706	102,492
Board of Education	34,038	24,939	(9,099)
Administration	959,972	891,437	(68,535)
Fiscal	348,689	303,674	(45,015)
Operation and Maintenance of Plant	1,918,650	1,890,515	(28,135)
Pupil Transportation	510,964	380,863	(130,101)
Operation of Non-Instructional Services	1,500	48,706	47,206
Operation of Food Services	751,361	729,393	(21,968)
Extracurricular Activities	549,884	526,897	(22,987)
Interest and Fiscal Charges	341,860	220,298	(121,562)
<i>Total Program Expenses</i>	<u>16,695,667</u>	<u>16,171,297</u>	<u>(524,370)</u>
<i>Change in Net Position</i>	(1,207,209)	(839,925)	(367,284)
Net Position Beginning of Year	<u>29,414,582</u>	<u>30,254,507</u>	<u>(839,925)</u>
Net Position End of Year	<u>\$28,207,373</u>	<u>\$29,414,582</u>	<u>(\$1,207,209)</u>

**Campbell City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2013*  
*Unaudited*

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As can be seen from Table 2, the School District relies heavily upon property taxes and State monies to support its operations. The School District also receives additional grant and entitlement funds to help offset operating costs.

The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenue generated by a voted levy does not increase solely as a result of inflation. It increases as a result of new construction or collection from a new voted levy. Although school districts experience inflationary growth in expenses, tax revenue does not keep pace with the increased expenses due to House Bill 920. As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home were reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay less than \$35.00 and the School District would collect the same dollar value the levy generated in the year it passed. The 10 percent rollback on all residential/agricultural property and the 2.5 percent rollback on all owner occupied homes would reduce the amount of taxes paid.

Thus school districts dependent upon property taxes are hampered by a lack of revenue growth and must regularly return to the voters to maintain a constant level of service. Property taxes made up 13.57 percent of revenues for governmental activities for Campbell City School District in fiscal year 2013 versus 14.49 percent in fiscal year 2012.

Instruction expenses comprise the largest portion of all program expenses for the School District. These expenses pay for teachers' salaries and benefits. Despite a reduction in certified staff, overall instructional expenditures increased in fiscal year 2013 due to an increase in tuition payments due to other districts and community schools.

The *statement of activities* shows the cost of program services and charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services for 2013 compared to 2012. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

**Campbell City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2013*  
*Unaudited*

**Table 3**  
 Total and Net Cost of Program Services  
 Governmental Activities

	2013		2012	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
Instruction:				
Regular	\$7,131,833	\$6,906,099	\$7,392,222	\$7,077,644
Special	2,835,514	2,096,131	2,279,953	1,456,921
Vocational	168,400	168,400	234,045	234,045
Student Intervention Services	265,039	265,039	222,049	222,049
Support Services:				
Pupil	342,749	307,140	388,600	309,420
Instructional Staff	535,214	535,214	637,706	637,706
Board of Education	34,038	34,038	24,939	24,939
Administration	959,972	916,059	891,437	828,063
Fiscal	348,689	348,689	303,674	303,674
Operation and Maintenance of Plant	1,918,650	1,830,933	1,890,515	1,804,669
Pupil Transportation	510,964	477,038	380,863	356,734
Operation of Non-Instructional Services	1,500	250	48,706	46,706
Operation of Food Services	751,361	194,297	729,393	105,565
Extracurricular Activities	549,884	425,917	526,897	405,021
Interest and Fiscal Charges	341,860	341,860	220,298	220,298
Total	<u>\$16,695,667</u>	<u>\$14,847,104</u>	<u>\$16,171,297</u>	<u>\$14,033,454</u>

The dependence upon general revenues for governmental activities is apparent from Table 3. The majority of instructional activities are supported through property taxes and other general revenues.

**Financial Analysis of the Government's Funds**

**Governmental Funds** Information about the School District's major funds begins on page 15. These funds are accounted for using the modified accrual basis of accounting. Despite an increase in revenues, the general fund had a decrease in fund balance as expenditures continued to outpace revenues. The bond retirement fund had a decrease in fund balance resulting from lower property tax revenues.

**General Fund Budgeting Highlights**

The School District'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 fund to be budgeted is the main operating fund of the School District, the general fund.

During the course of fiscal year 2013, the School District amended its general fund budget numerous times. The School District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

**Campbell City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2013*  
*Unaudited*

For the general fund, the final budget basis revenue estimate was higher than the original budget estimate. The change was attributed mainly to increases in intergovernmental revenue as the School District received notifications of current year grant awards and changes in State aid were finalized.

The final budget appropriations were higher than the original budget appropriations of the general fund. The change was attributed to increases in estimate for instructional activities and support services as the School District's current year requirements became more apparent.

**Capital Assets and Long-term Obligations**

***Capital Assets***

Table 4 shows fiscal 2013 balances compared to fiscal 2012.

**Table 4**  
 Capital Assets at June 30  
 Governmental Activities

	2013	2012
Land	\$130,245	\$130,245
Land Improvements	404,394	466,363
Buildings and Improvements	30,271,072	31,053,407
Furniture, Fixtures and Equipment	809,702	762,294
Vehicles	228,240	201,636
Total Capital Assets	\$31,843,653	\$32,613,945

The decrease in capital assets was due to the current year depreciation outpacing additional purchases. During fiscal year 2013, the School District purchased a new school bus as well as network technology equipment upgrades. For more information about the School District's capital assets, see Note 12 to the basic financial statements.

***Long-term Obligations***

Table 5 below summarizes the School District's long-term obligations.

**Table 5**  
 Outstanding Long-term Obligations at June 30  
 Governmental Activities

	2013	2012
General Obligation Bonds	\$1,883,861	\$2,017,847
Capital Leases Payable	1,810,000	1,947,000
Compensated Absences	603,148	661,275
Total	\$4,297,009	\$4,626,122

**Campbell City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2013*  
*Unaudited*

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The School District's overall legal debt margin was \$4,789,416 with an unvoted debt margin of \$65,839. For more information about the School District's long-term obligations, see Note 16 to the basic financial statements.

**School District Outlook**

The School District which consists of a diverse student population is committed to educational progress as well as financial responsibility. However, the financial future of the School District is not without challenges. The School District continues to rely heavily upon grants and State funding. Federal Title I and Title VI-B funds greatly impact the general fund balance since any excess costs not covered by grant monies default to the general fund. In fiscal years 2011 and 2012, the School District received Education Jobs grant monies of \$113,153 and \$388,565, respectively. The remaining amount of \$20,313 was received in early fiscal year 2013.

On May 4, 2010, the citizens of Campbell overwhelmingly renewed the School District's Emergency Levy in the amount of \$989,711 per year for a five year period. The Mahoning County Auditor's office certified the estimated property tax millage rate to be 12.0 mills (down from 14.1 mills in 2005).

The School District received the Ohio Auditor of State Award for fiscal years 2010 and 2011. This award was given for filing timely financial reports in accordance with GAAP, as well as receiving a "clean" audit report. The "clean" audit report signifies that our financial audit did not contain any findings for recovery, material citations or weaknesses, significant deficiencies, single audit findings or any questioned costs.

The taxpayers of the City of Campbell can take pride in the commitment to financial accountability made by the Treasurer, Superintendent and Board of Education, given that clean and accurate record-keeping is the foundation for good government.

**Contacting the School District's Financial Management Personnel**

This financial report is designed to provide our citizen's, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information contact Nora Montanez, Treasurer, Campbell City School District, 280 Sixth Street, Campbell, Ohio 44405.



**Campbell City School District**

*Statement of Net Position*

*June 30, 2013*

	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$1,452,837
Accounts Receivable	1,356
Intergovernmental Receivable	377,145
Inventory Held for Resale	8,133
Materials and Supplies Inventory	1,747
Property Taxes Receivable	2,923,575
Nondepreciable Capital Assets	130,245
Depreciable Capital Assets, Net	<u>31,713,408</u>
<i>Total Assets</i>	<u>36,608,446</u>
<b>Liabilities</b>	
Accounts Payable	80,329
Accrued Wages and Benefits	1,419,031
Intergovernmental Payable	423,162
Matured Compensated Absences Payable	77,834
Vacation Benefits Payable	73,975
Accrued Interest Payable	3,415
Long-Term Liabilities:	
Due Within One Year	406,834
Due In More Than One Year	<u>3,890,175</u>
<i>Total Liabilities</i>	<u>6,374,755</u>
<b>Deferred Inflows of Resources</b>	
Property Taxes	<u>2,026,318</u>
<b>Net Position</b>	
Net Investment in Capital Assets	28,456,134
Restricted for:	
Capital Projects	337,945
Debt Service	372,388
Set Asides	80,192
Other Purposes	532,627
Unrestricted (Deficit)	<u>(1,571,913)</u>
<i>Total Net Position</i>	<u><u>\$28,207,373</u></u>

See accompanying notes to the basic financial statements

**Campbell City School District**  
*Statement of Activities*  
For the Fiscal Year Ended June 30, 2013

	Program Revenues		Net (Expense)	
	Expenses	Charges for Services and Sales	Revenue and Changes in Net Position	
		Operating Grants and Contributions	Governmental Activities	
<b>Governmental Activities</b>				
Instruction:				
Regular	\$7,131,833	\$41,165	\$184,569	(\$6,906,099)
Special	2,835,514	0	739,383	(2,096,131)
Vocational	168,400	0	0	(168,400)
Student Intervention Services	265,039	0	0	(265,039)
Support Services:				
Pupil	342,749	0	35,609	(307,140)
Instructional Staff	535,214	0	0	(535,214)
Board of Education	34,038	0	0	(34,038)
Administration	959,972	0	43,913	(916,059)
Fiscal	348,689	0	0	(348,689)
Operation and Maintenance of Plant	1,918,650	8,000	79,717	(1,830,933)
Pupil Transportation	510,964	0	33,926	(477,038)
Operation of Non-Instructional Services	1,500	0	1,250	(250)
Operation of Food Services	751,361	59,141	497,923	(194,297)
Extracurricular Activities	549,884	119,191	4,776	(425,917)
Interest and Fiscal Charges	341,860	0	0	(341,860)
<i>Totals</i>	<u>\$16,695,667</u>	<u>\$227,497</u>	<u>\$1,621,066</u>	<u>(14,847,104)</u>

**General Revenues**

Property Taxes Levied for:	
General Purposes	1,929,031
Debt Service	148,823
Classroom Facilities Maintenance	24,474
Grants and Entitlements not	
Restricted to Specific Programs	11,159,037
Investment Earnings	23
Gas Royalties	293,646
Miscellaneous	84,861
<i>Total General Revenues</i>	<u>13,639,895</u>
Change in Net Position	(1,207,209)
<i>Net Position Beginning of Year</i>	<u>29,414,582</u>
<i>Net Position End of Year</i>	<u>\$28,207,373</u>

See accompanying notes to the basic financial statements

**Campbell City School District**

*Balance Sheet*

*Governmental Funds*

*June 30, 2013*

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$234,469	\$310,843	\$827,333	\$1,372,645
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	80,192	0	0	80,192
Accounts Receivable	0	0	1,356	1,356
Intergovernmental Receivable	84,731	0	292,414	377,145
Interfund Receivable	39,984	0	0	39,984
Inventory Held for Resale	0	0	8,133	8,133
Materials and Supplies Inventory	0	0	1,747	1,747
Property Taxes Receivable	2,668,252	217,976	37,347	2,923,575
<i>Total Assets</i>	<u>\$3,107,628</u>	<u>\$528,819</u>	<u>\$1,168,330</u>	<u>\$4,804,777</u>
<b>Liabilities</b>				
Accounts Payable	\$51,287	\$0	\$29,042	\$80,329
Accrued Wages and Benefits	1,265,585	0	153,446	1,419,031
Interfund Payable	0	0	39,984	39,984
Intergovernmental Payable	407,381	0	15,781	423,162
Matured Compensated Absences Payable	77,834	0	0	77,834
<i>Total Liabilities</i>	<u>1,802,087</u>	<u>0</u>	<u>238,253</u>	<u>2,040,340</u>
<b>Deferred Inflows of Resources</b>				
Property Taxes	1,846,781	153,016	26,521	2,026,318
Unavailable Revenue	821,471	64,960	274,411	1,160,842
<i>Total Deferred Inflows of Resources</i>	<u>2,668,252</u>	<u>217,976</u>	<u>300,932</u>	<u>3,187,160</u>
<b>Fund Balances</b>				
Nonspendable	0	0	1,747	1,747
Restricted	80,609	310,843	781,969	1,173,421
Unassigned (Deficit)	(1,443,320)	0	(154,571)	(1,597,891)
<i>Total Fund Balances (Deficit)</i>	<u>(1,362,711)</u>	<u>310,843</u>	<u>629,145</u>	<u>(422,723)</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$3,107,628</u>	<u>\$528,819</u>	<u>\$1,168,330</u>	<u>\$4,804,777</u>

See accompanying notes to the basic financial statements

**Campbell City School District**  
*Reconciliation of Total Governmental Fund Balances to  
 Net Position of Governmental Activities  
 June 30, 2013*

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**Total Governmental Fund Balances** ( \$422,723)

*Amounts reported for governmental activities in the statement of  
 net position are different because*

Capital assets used in governmental activities are not financial  
 resources and therefore are not reported in the funds. 31,843,653

Other long-term assets are not available to pay for current-period expenditures  
 and therefore are reported as unavailable revenue in the funds.

Delinquent Property Taxes	897,257
Intergovernmental	263,585

Total 1,160,842

In the statement of activities, interest is accrued on outstanding  
 bonds, whereas in governmental funds, an interest  
 expenditure is reported when due. (3,415)

Vacation benefits payable is not expected to be paid with expendable  
 available financial resources and therefore is not reported in the funds. (73,975)

Long-term liabilities payable are not due and payable in the  
 current period and therefore are not reported in the funds.

General Obligation Bonds	(1,883,861)
Capital Leases Payable	(1,810,000)
Compensated Absences	(603,148)

Total (4,297,009)

*Net Position of Governmental Activities*  \$28,207,373

See accompanying notes to the basic financial statements

**Campbell City School District**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Fiscal Year Ended June 30, 2013*

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Property Taxes	\$1,846,782	\$138,558	\$23,593	\$2,008,933
Intergovernmental	11,105,375	53,662	1,723,923	12,882,960
Interest	23	0	0	23
Tuition and Fees	41,165	0	0	41,165
Extracurricular Activities	20,242	0	98,949	119,191
Contributions and Donations	11,660	0	3,541	15,201
Charges for Services	0	0	59,141	59,141
Rentals	8,000	0	0	8,000
Gas Royalties	293,646	0	0	293,646
Miscellaneous	65,933	0	18,928	84,861
<i>Total Revenues</i>	<u>13,392,826</u>	<u>192,220</u>	<u>1,928,075</u>	<u>15,513,121</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	6,738,180	0	185,442	6,923,622
Special	1,828,855	0	911,470	2,740,325
Vocational	168,401	0	0	168,401
Student Intervention Services	265,039	0	0	265,039
Support Services:				
Pupil	308,130	0	30,398	338,528
Instructional Staff	492,858	0	0	492,858
Board of Education	29,225	0	0	29,225
Administration	886,066	0	52,808	938,874
Fiscal	332,751	3,506	584	336,841
Operation and Maintenance of Plant	1,756,691	0	66,894	1,823,585
Pupil Transportation	508,813	0	29,699	538,512
Operation of Non-Instructional Services	0	0	1,500	1,500
Operation of Food Services	0	0	637,742	637,742
Extracurricular Activities	266,449	0	113,768	380,217
Capital Outlay	0	0	33,188	33,188
Debt Service:				
Principal Retirement	137,000	77,036	0	214,036
Interest and Fiscal Charges	100,200	41,278	0	141,478
Capital Appreciation Bond Accretion	0	112,964	0	112,964
<i>Total Expenditures</i>	<u>13,818,658</u>	<u>234,784</u>	<u>2,063,493</u>	<u>16,116,935</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(425,832)</u>	<u>(42,564)</u>	<u>(135,418)</u>	<u>(603,814)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	0	0	293,646	293,646
Transfers Out	(293,646)	0	0	(293,646)
<i>Total Other Financing Sources (Uses)</i>	<u>(293,646)</u>	<u>0</u>	<u>293,646</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	(719,478)	(42,564)	158,228	(603,814)
<i>Fund Balances (Deficit) Beginning of Year</i>	(643,233)	353,407	470,917	181,091
<i>Fund Balances (Deficit) End of Year</i>	<u>(\$1,362,711)</u>	<u>\$310,843</u>	<u>\$629,145</u>	<u>(\$422,723)</u>

See accompanying notes to the basic financial statements

**Campbell City School District**  
*Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Fiscal Year Ended June 30, 2013*

**Net Change in Fund Balances - Total Governmental Funds** (\$603,814)

*Amounts reported for governmental activities in the  
statement of activities are different because*

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

This is the amount by which depreciation exceeded capital outlay in the current period.

Capital Asset Additions	287,946	
Current Year Depreciation	<u>(1,058,238)</u>	
 Total		 (770,292)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Delinquent Property Taxes	93,395	
Intergovernmental	<u>(118,058)</u>	
 Total		 (24,663)

Repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 327,000

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Accrued Interest on Bonds	(40,182)	
Bond Accretion	(69,878)	
Amortization of Premium on Bonds	13,864	
Amortization of Deferred Charge on Refunding	<u>(104,186)</u>	
 Total		 (200,382)

Some expenses reported in the statement of activities, such as compensated absences and vacation benefits, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Compensated Absences	58,127	
Vacation Benefits Payable	<u>6,815</u>	
 Total		 <u>64,942</u>

*Change in Net Position of Governmental Activities* (\$1,207,209)

See accompanying notes to the basic financial statements

**Campbell City School District**  
*Statement of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund*  
*For the Fiscal Year Ended June 30, 2013*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Property Taxes	\$1,796,649	\$1,846,782	\$1,846,782	\$0
Intergovernmental	10,561,096	10,855,792	10,855,792	0
Interest	22	23	23	0
Tuition and Fees	25,791	26,511	26,511	0
Contributions and Donations	8,926	9,175	9,175	0
Rentals	7,783	8,000	8,000	0
Gas Royalties	293,646	293,646	293,646	0
Miscellaneous	56,172	65,933	65,933	0
<i>Total Revenues</i>	<u>12,750,085</u>	<u>13,105,862</u>	<u>13,105,862</u>	<u>0</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	6,404,247	6,583,313	6,562,739	20,574
Special	1,729,263	1,777,614	1,777,614	0
Vocational	171,679	176,479	176,479	0
Student Intervention Services	257,830	265,039	265,039	0
Support Services:				
Pupil	295,994	304,270	304,270	0
Instructional Staff	536,265	551,259	551,259	0
Board of Education	28,430	29,225	29,225	0
Administration	862,024	886,127	886,127	0
Fiscal	323,679	332,729	332,729	0
Operation and Maintenance of Plant	1,666,421	1,713,015	1,713,015	0
Pupil Transportation	497,926	511,848	511,848	0
Extracurricular Activities	238,373	245,039	245,039	0
Debt Service:				
Principal Retirement	137,000	137,000	137,000	0
Interest and Fiscal Charges	100,200	100,200	100,200	0
<i>Total Expenditures</i>	<u>13,249,331</u>	<u>13,613,157</u>	<u>13,592,583</u>	<u>20,574</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(499,246)</u>	<u>(507,295)</u>	<u>(486,721)</u>	<u>20,574</u>
<b>Other Financing Sources (Uses)</b>				
Advances In	34,164	34,164	34,164	0
Advances Out	(39,984)	(39,984)	(39,984)	0
Transfers Out	(293,646)	(293,646)	(293,646)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(299,466)</u>	<u>(299,466)</u>	<u>(299,466)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(798,712)	(806,761)	(786,187)	20,574
<i>Fund Balance Beginning of Year</i>	770,407	770,407	770,407	0
Prior Year Encumbrances Appropriated	268,130	268,130	268,130	0
<i>Fund Balance End of Year</i>	<u>\$239,825</u>	<u>\$231,776</u>	<u>\$252,350</u>	<u>\$20,574</u>

See accompanying notes to the basic financial statements

**Campbell City School District**  
*Statement of Fiduciary Net Position*  
*Fiduciary Funds*  
*June 30, 2013*

	Private Purpose Trust	
	Endowment	Agency
<b>Assets</b>		
Equity in Pooled Cash and Cash Equivalents	\$41,536	\$49,803
<b>Liabilities</b>		
Due to Students	0	\$49,803
<b>Net Position</b>		
Held in Trust for Scholarships	\$41,536	

See accompanying notes to the basic financial statements



**Campbell City School District**  
*Statement of Changes in Fiduciary Net Position*  
*Fiduciary Fund*  
*For the Fiscal Year Ended June 30, 2013*

	Endowment
<b>Additions</b>	
Interest	\$91
<b>Deductions</b>	
Scholarships Awarded	2,500
<i>Change in Net Position</i>	(2,409)
<i>Net Position Beginning of Year</i>	43,945
<i>Net Position End of Year</i>	\$41,536

See accompanying notes to the basic financial statements

**Campbell City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2013*

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**Note 1 - Description of the School District**

Campbell City School District (the School District) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The School District operates under a locally-elected five-member Board form of government and provides educational services as mandated by State and federal agencies. The Board of Education controls the School District's 3 instructional/support facilities staffed by 118 certified employees and 83 classified employees who provide services to 1,263 students and other community members.

***Reporting Entity***

A reporting entity is composed 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 School District consists of all funds, departments, boards and agencies that are not legally separate from the School District. For the School District, this includes the agencies and departments that provide the following services: general operations, food service and student related activities of the School District.

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

The School District is associated with two jointly governed organizations and one shared risk pool. These organizations are the Area Cooperative Computerized Educational Service System Council of Governments, Mahoning County Career and Technical Center, and the Mahoning County School Employees Insurance Consortium. These organizations are presented in Notes 19 and 20 to the basic financial statements.

**Note 2 - Summary of Significant Accounting Policies**

The financial statements of the School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the School District's accounting policies are described below.

***Basis of Presentation***

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

**Campbell City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2013*

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**Government-wide Financial Statements** The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. These statements usually distinguish between those activities of the School District that are governmental and those that are considered business-type. The School District, however, has no business-type activities.

The statement of net position presents the financial condition of the governmental activities of the School District at fiscal year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School District.

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

**Fund Accounting**

The School District 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. The School District has no proprietary funds.

**Governmental Funds** Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and deferred outflows of resources and liabilities and deferred inflows of resources is reported as fund balance. The following are the School District's major governmental funds:

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

**Bond Retirement Fund** The bond retirement fund accounts for and reports property tax revenues that are restricted for the payment of principal and interest and fiscal charges on general obligation debt.

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

**Campbell City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2013*

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***Fiduciary Fund Type*** Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. The School District's only trust fund is a private purpose trust fund which accounts for college scholarship donations for students. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's agency fund accounts for student activities.

***Measurement Focus***

***Government-wide Financial Statements*** The government-wide financial statements are prepared using the economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the School District are included on the statement of net position. The statement of activities presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position.

***Fund Financial Statements*** All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and deferred outflows of resources and current liabilities and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The private purpose trust fund is accounted for using the economic resources measurement focus.

***Basis of Accounting***

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements and the statements for the fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows/outflows of resources and in the presentation of expenses versus expenditures.

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

**Campbell City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2013*

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Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. (See Note 8) Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available as an advance, interest, tuition, grants, and fees and rentals.

***Deferred Outflows/Inflows of Resources*** In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the School District, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2013, but which were levied to finance fiscal year 2014 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District unavailable revenue includes delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

***Expenses/Expenditures*** On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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

**Campbell City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2013*

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***Budgetary Data***

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, 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 amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the object level for the general fund and at the fund level for all other funds. The treasurer has been given the authority to allocate Board appropriations to the function and object level within all funds except the general fund.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original and final budgeted amounts in the budgetary statements reflect the amounts in the amended certificates that were in effect at the time when the original and final appropriations were passed by the Board of Education. Prior to June 30, the Board requested and received an amended certificate in which estimated revenue matches actual revenue for the fiscal year.

The appropriation resolution is subject to amendment by the Board throughout the fiscal year with the restriction that appropriations may not exceed estimated revenues. The amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year.

***Cash and Cash Equivalents***

To improve cash management, all cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the School District's records. Interest in the pool is presented as "equity in pooled cash and cash equivalents" on the financial statements. The School District had no investments during the fiscal year or at fiscal year end.

Following Ohio statutes, the Board of Education has, by resolution, identified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2013 amounted to \$23, of which \$18 was assigned from other School District funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as cash equivalents.

***Inventory***

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventories consist of donated and purchased food held for resale and materials and supplies held for consumption.

**Campbell City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2013*

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***Restricted Assets***

Assets are reported as restricted when limitations on their use change in nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, laws of other governments, or imposed by law through constitutional provisions. Restricted assets in the general fund are monies required by State statute to be set-aside for budget stabilization. See Note 21 for additional information regarding set-asides.

***Capital Assets***

All capital assets of the School District are general capital assets. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The School District was able to estimate the historical cost for the initial reporting of assets by backtrending (i.e. estimating the current replacement cost of the asset to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated capital assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of five thousand dollars. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets, except land, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	15 - 30 years
Buildings and Improvements	40 - 50 years
Furniture, Fixtures and Equipment	5 - 15 years
Vehicles	8 - 10 years

***Interfund Balances***

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental activities column of the statement of net position.

***Compensated Absences***

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service. Since the School District's policy limits the accrual of vacation time to one year from the employee's anniversary date, the outstanding liability is recorded as "vacation benefits payable" on the statement of net position rather than as a long-term liability.

**Campbell City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2013*

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Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy. The School District records a liability for accumulated unused sick leave for all employees after ten years of service with the School District.

The entire compensated absence liability is reported on the government-wide financial statements.

On the governmental fund financial statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "Matured Compensated Absences Payable" in the funds from which the employee who has accumulated unpaid leave is paid.

***Accrued Liabilities and Long-term Obligations***

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Bonds and capital leases are recognized as a liability on the fund financial statements when due.

***Fund Balance***

Fund balance is divided into five classifications based primarily on the extent to which the School 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.

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



**Campbell City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2013*

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**Assigned** Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. These amounts are assigned by the School District Board of Education. In the general fund, assigned amounts represent intended uses established by the School District Board of Education, or a School District official delegated that authority by State statute. State statute authorizes the Treasurer to assign fund balance purchases on order provided such amounts have been lawfully appropriated.

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

The School District 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 Position***

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws, or regulations of other governments adopted by the School District. Net position restricted for other purposes include resources restricted for instruction, support services, operation of non-instructional services, food service operations and extracurricular activities.

The School District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

***Bond Premium***

On the government-wide financial statements, bond premiums are deferred and amortized for the term of the bonds using the straight-line method since the results are not significantly different from the effective interest method. Bond premiums are presented as an increase of the face amount of the bonds payable. On governmental fund statements, bond premiums are received in the year the bonds are issued.

***Estimates***

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

**Campbell City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2013*

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**Note 3 – Change in Accounting Principles**

For fiscal year 2013, the School District has implemented Governmental Accounting Standard Board (GASB) Statement No. 60, “Accounting and Financial Reporting for Service Concession Arrangements,” Statement No. 61, “The Financial Reporting Entity: Omnibus; an amendment of GASB Statements No. 14 and No. 34, Statement No. 62, “Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements,” Statement No. 63, “Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position”, Statement No. 65, “Items Previously Reported as Assets and Liabilities” and Statement No. 66, “Technical Corrections-2012-an amendment of GASB Statements No. 10 and No. 62.”

GASB Statement No. 60 improves financial reporting by addressing issues related to service concession arrangements, which are a type of public-private or public-public partnership. The implementation of this statement did not result in any change in the School District’s financial statements.

GASB Statement No. 61 modifies existing requirements for the assessment of potential component units in determining what should be included in the financial reporting entity, the display of component units’ presentation and certain disclosure requirements. These changes were incorporated in the School District’s fiscal year 2013 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 62 incorporates into GASB’s authoritative literature certain FASB and AICPA pronouncements issued on or before November 30, 1989. The implementation of this statement did not result in any change in the School District’s financial statements.

GASB Statement No. 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related note disclosures. These changes were incorporated in the School District’s fiscal year 2013 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 65 properly classifies certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or recognizes certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues). These changes were incorporated in the School District’s fiscal year 2013 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 66 resolves conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting and thereby enhance the usefulness of the financial reports. The implementation of this statement did not result in any change in the School District’s financial statements.

**Campbell City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2013*

**Note 4 – Fund Balances**

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

Fund Balances	General	Bond Retirement	Other Governmental Funds	Total
<b><i>Nonspendable</i></b>				
Inventory	\$0	\$0	\$1,747	\$1,747
<b><i>Restricted for</i></b>				
Scholarships	0	0	9,638	9,638
Community Programs	0	0	232	232
Classroom Facilities Maintenance	0	0	389,875	389,875
Athletics	0	0	16,898	16,898
Non-Public Schools	0	0	2,413	2,413
Data and Information Systems	0	0	18,351	18,351
Gifted Students	0	0	6,267	6,267
Instructional Services	0	0	350	350
Debt Service Payments	0	310,843	0	310,843
Capital Improvements	0	0	337,945	337,945
Entry Year Programs	200	0	0	200
Professional Development	217	0	0	217
Budget Stabilization	80,192	0	0	80,192
<b><i>Total Restricted</i></b>	<b>80,609</b>	<b>310,843</b>	<b>781,969</b>	<b>1,173,421</b>
<b><i>Unassigned (Deficit)</i></b>	<b>(1,443,320)</b>	<b>0</b>	<b>(154,571)</b>	<b>(1,597,891)</b>
<b><i>Total Fund Balances (Deficit)</i></b>	<b>(\$1,362,711)</b>	<b>\$310,843</b>	<b>\$629,145</b>	<b>(\$422,723)</b>

**Campbell City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2013*

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**Note 5 – Fund Deficits**

Fund balances at June 30, 2013, included the following individual fund deficits:

<b>General Fund</b>	\$1,362,711
<b><i>Special Revenue Funds:</i></b>	
Food Service	6,442
Public Preschool	6,667
Title VI-B	29,132
Title I	98,860
Reducing Class Size	11,723

Management is currently analyzing the general fund to determine appropriate steps to alleviate the deficit.

The special revenue funds have deficits caused by the recognition of expenditures on a modified accrual basis of accounting which are substantially greater than the expenditures recognized on a cash basis. The general fund is liable for any deficit in the special revenue funds and provides transfers when cash is required, not when accruals occur.

**Note 6 - Budgetary Basis of Accounting**

While the School District is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are as follows:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than as restricted, committed or assigned fund balance (GAAP).
4. Advances In and Advances Out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).
5. Budgetary revenues and expenditures of the public school support and entry year program special revenue funds are classified to the general fund for GAAP reporting.

The following tables summarize the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund.

**Campbell City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2013*

Net Change in Fund Balance

GAAP Basis	(\$719,478)
Revenue Accruals	(264,937)
Advance In	34,164
Expenditure Accruals	260,749
Advance Out	(39,984)
Perspective Difference:	
Public School Support	(1,067)
Entry Year Program	700
Encumbrances	(56,334)
Budget Basis	<u><u>(\$786,187)</u></u>

**Note 7 - Deposits and Investments**

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other 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;

**Campbell City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2013*

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4. Bonds and other obligations of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2);
7. The State Treasurer's investment pool (STAR Ohio); and
8. Commercial paper and bankers acceptances if training requirements have been met.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Investments may only be made through specified dealers and institutions.

#### **Note 8 - Property Taxes**

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenues received in calendar year 2013 represent the collection of calendar year 2012 taxes. Real property taxes received in calendar year 2013 were levied after April 1, 2012, on the assessed value listed as of January 1, 2012, the lien date. Assessed values for real property are established by State law at thirty-five percent of appraised market value. Real property are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenues received in calendar year 2013 represents collections of calendar year 2012 taxes. Public utility real and tangible personal property taxes received in calendar year 2012 became a lien on December 31, 2011, were levied after April 1, 2012, and are collected in 2013 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The School District receives property taxes from Mahoning County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2013, are available to finance fiscal year 2013 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property and public utility property taxes which are measurable as of June 30, 2013, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources – property taxes.

**Campbell City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2013*

Due to the timing of tax bills sent by the County, there was no money available as an advance to the School District at June 30, 2013 or June 30, 2012.

On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on the modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

The assessed values upon which the fiscal year 2013 taxes were collected are:

	2012 Second Half Collections		2013 First Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$62,869,020	95.92%	\$62,898,810	95.53%
Public Utility Personal	2,673,500	4.08	2,940,490	4.47
<b>Total</b>	<b>\$65,542,520</b>	<b>100.00%</b>	<b>\$65,839,300</b>	<b>100.00%</b>
Full Tax Rate per \$1,000 of assessed valuation	\$40.70		\$41.70	

**Note 9 - Receivables**

Receivables at June 30, 2013, consisted of accounts, taxes, interfund and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. All receivables except property taxes are expected to be received within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

A summary of the principal items of intergovernmental receivables follows:

Governmental Activities	Amounts
Title I Grant	\$168,141
Title VI-B Grant	60,342
Bureau of Workers' Compensation Refund	58,578
Public Preschool Grant	39,466
Class Size Reduction Grant	18,273
Tuition from other School Districts	14,654
State Foundation Bridge Adjustment	11,499
Federal Food Service Subsidy	6,192
<b>Total</b>	<b>\$377,145</b>

**Campbell City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2013*

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**Note 10 - Contingencies**

***Grants***

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the effect of any disallowed claims on the overall financial position of the School District at June 30, 2013, if applicable, cannot be determined at this time.

***Litigation***

The School District is not party to legal proceedings as of June 30, 2013.

***Lease***

The Board of Education has entered into two "Paid-Up" Oil and Gas Leases with Hilcorp Energy I, L.P. The first lease is effective August 6, 2012 and continues through August 6, 2017. The second lease is effective September 10, 2012 and continues through September 10, 2017. In consideration of the execution of the leases, the School District received bonuses of \$293,646 during fiscal year 2013. The School District has a total of 69.961 acres subject to the lease provisions which call for payments to the lessor, in addition to the bonus, royalties, less all taxes, assessments, and adjustments on production from the leasehold in the amount of 18 percent for oil or gas. As of the date of the financial statements, the value of any potential royalties cannot be determined, and the School District has not received any financial compensation beyond the bonus.

**Note 11 - Risk Management**

***Property and Liability***

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2013, the School District contracted with Netherlands Insurance Company for property and liability insurance. The comprehensive commercial insurance coverage limits are \$54,138,247 with a \$1,000 deductible. The business auto coverage limits are \$1,000,000 for liability and \$1,000,000 for uninsured motorists. The School District has liability insurance coverage limits of \$1,000,000 per claim and \$2,000,000 general aggregate.

***Employee Health Benefits***

For fiscal 2013, the School District was a participant in the Mahoning County School Employees Insurance Consortium (the "Consortium") to provide employee health, dental, vision and prescription drug benefits. The Consortium is administered by Medical Mutual.

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



**Campbell City School District**  
*Notes to the Basic Financial Statements*  
For the Fiscal Year Ended June 30, 2013

The School District offers employees a choice of two health plans: Core Plan and Low Deductible Plan. Effective January 1, 2013, the School District provides full-time employees with 91 percent Board paid hospitalization and prescription drugs under the Core Plan. Full-time employees opting for the Low Deductible Plan will receive 86 percent Board paid hospitalization and prescription drugs. Full-time employees receive 91 percent Board paid dental and vision.

Post employment health care is provided to plan participants or their beneficiaries through the respective retirement systems discussed in Note 14. As such, no funding provisions are required by the School District.

***Worker's Compensation***

The School District pays the 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 12 – Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2013, was as follows:

<b>Governmental Activities</b>	Balance 6/30/2012	Additions	Deductions	Balance 6/30/2013
<b><i>Capital Assets not being Depreciated:</i></b>				
Land	\$130,245	\$0	\$0	\$130,245
<b><i>Capital Assets being Depreciated:</i></b>				
Land Improvements	1,179,352	0	0	1,179,352
Buildings and Improvements	38,974,483	0	0	38,974,483
Furniture, Fixtures and Equipment	4,576,835	214,446	0	4,791,281
Vehicles	778,698	73,500	0	852,198
<b><i>Total Capital Assets being Depreciated</i></b>	<b>45,509,368</b>	<b>287,946</b>	<b>0</b>	<b>45,797,314</b>
<b><i>Less Accumulated Depreciation:</i></b>				
Land Improvements	(712,989)	(61,969)	0	(774,958)
Buildings and Improvements	(7,921,076)	(782,335)	0	(8,703,411)
Furniture, Fixtures and Equipment	(3,814,541)	(167,038)	0	(3,981,579)
Vehicles	(577,062)	(46,896)	0	(623,958)
<b><i>Total Accumulated Depreciation</i></b>	<b>(13,025,668)</b>	<b>(1,058,238) *</b>	<b>0</b>	<b>(14,083,906)</b>
<b><i>Total Assets being Depreciated, Net</i></b>	<b>32,483,700</b>	<b>(770,292)</b>	<b>0</b>	<b>31,713,408</b>
<b><i>Governmental Activities Capital Assets, Net</i></b>	<b>\$32,613,945</b>	<b>(\$770,292)</b>	<b>\$0</b>	<b>\$31,843,653</b>

**Campbell City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2013*

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\*Depreciation expense was charged to governmental activities as follows:

Instruction:	
Regular	\$453,460
Special	84,430
Support Services:	
Instructional Staff	39,429
Board of Education	4,813
Administration	38,804
Fiscal	7,261
Operation and Maintenance of Plant	104,357
Pupil Transportation	44,555
Food Service Operation	111,462
Extracurricular Activities	169,667
Total Depreciation Expense	<u>\$1,058,238</u>

### **Note 13 - Pension Plans**

#### ***School Employees Retirement System***

Plan Description – The School District participates in the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report can be obtained by visiting the SERS website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2013, the allocation to pension and death benefits was 13.10 percent. The remaining 0.90 percent of the 14 percent employer contribution rate is allocated to the Medicare B and Health Care funds. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2013, 2012 and 2011 were \$300,061, \$281,212 and \$248,214, respectively. For fiscal year 2013, 80.34 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2012 and 2011.

**Campbell City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2013*

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***State Teachers Retirement System***

Plan Description – The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that can be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at [www.strsoh.org](http://www.strsoh.org).

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50. Benefits are established by Ohio Revised Code Chapter 3307.

A DB or Combined Plan member with five or more years of credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon the recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The statutory maximum employee contribution rate will be increased one percent each year beginning July 1, 2013, until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2013, plan members were required to contribute 10 percent of their annual covered salary. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations.

The School District's required contributions to STRS Ohio for the DB Plan and for the defined benefit portion of the Combined Plan were \$802,460 and \$7,896 for the fiscal year ended June 30, 2013, \$805,121 and \$7,422 for the fiscal year ended June 30, 2012, and \$854,375 and \$12,418 for the fiscal year ended June 30, 2011. For fiscal year 2013, 87.41 percent has been contributed for the DB plan and 87.41 has been contributed for the Combined Plan, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2012 and 2011.

Contributions made to STRS Ohio for the DC Plan for fiscal year 2013 were \$5,988 made by the School District and \$4,277 made by the plan members. In addition, member contributions of \$5,640 were made for fiscal year 2013 for the defined contribution portion of the Combined Plan.

**Campbell City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2013*

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***Social Security System***

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Employees Retirement System. As of June 30, 2013, one member of the Board of Education has elected Social Security. The Board's liability is 6.2 percent of wages.

**Note 14 - Postemployment Benefits**

***School Employees Retirement System***

Plan Description – The School District participates in two cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plans administrated by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligation to contribute are established by SERS based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For fiscal year 2013, 0.16 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for fiscal year 2013, this amount was \$20,525. During fiscal year 2013, the School District paid \$32,051 in surcharge.

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

The School District's contributions for health care for the fiscal years ended June 30, 2013, 2012 and 2011 were \$35,716, \$44,418 and \$60,235, respectively. For fiscal year 2013, 80.34 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2012 and 2011.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2013, this actuarially required allocation was 0.74 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2013, 2012 and 2011, were \$16,950, \$16,607 and \$15,973, respectively. For fiscal year 2013, 80.34 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2012 and 2011.

**Campbell City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2013*

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***State Teachers Retirement System***

Plan Description – The School District participates in the cost-sharing multiple-employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians’ fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which can be obtained by visiting [www.strsoh.org](http://www.strsoh.org) or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2013, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to post-employment health care. The School District’s contributions for health care for the fiscal years ended June 30, 2013, 2012 and 2011 were \$61,728, \$61,932 and \$65,721, respectively. For fiscal year 2013, 87.41 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2012 and 2011.

**Note 15 - Other Employee Benefits**

***Compensated Absences***

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per year, depending upon length of service and hours worked. The Superintendent and the Treasurer earn 20 days of vacation annually. Accumulated, unused vacation is not paid out to employees upon termination of employment. Teachers do not earn vacation.

Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Upon retirement, certificated and classified employees with ten to fifteen years of service receive payment for fifteen percent of the total sick leave accumulation up to a maximum of thirty-two days. Certificated employees with sixteen years or more of service upon retirement receive payment for twenty-five percent of the total sick leave accumulation, up to a maximum of sixty-two days. Classified employees with sixteen years or more of service upon retirement receive payment for twenty-five percent of the total sick leave accumulation, up to a maximum of sixty days.

***Life Insurance Benefits***

The School District provides life insurance to all employees through Educational Employees Life Insurance Trust in the amount of \$50,000 for employees who work 2,080 hours or more per year and \$27,000 for employees who work less than 2,080 hours per year. Premiums are paid by the School District.

**Campbell City School District**  
*Notes to the Basic Financial Statements*  
For the Fiscal Year Ended June 30, 2013

**Note 16 - Long-Term Obligations**

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

Debt Issue	Interest Rate	Original Issue	Year of Maturity
2000 OSFC Various Improvement Bonds:			
Capital Appreciation Bonds	10.76%	\$114,000	2013 to 2015
2010 Various Purpose Refunding Bonds:			
Current Interest Serial Bonds	2.90% to 3.70%	1,185,000	2018 to 2023
Capital Appreciation Bonds	18.16%	125,000	2016 to 2017
Current Issue Term Bonds	1.00 % to 1.70%	325,000	2012 to 2015

Changes in long-term obligations of the School District during fiscal year 2013 were as follows:

	Principal Outstanding 6/30/12	Additions	Deductions	Principal Outstanding 6/30/13	Amounts Due in One Year
<b>General Obligation Bonds</b>					
2000 OSFC Various Purpose Imp Bonds					
Capital Appreciation Bonds	\$114,000	\$0	(\$42,036)	\$71,964	\$37,861
Accretion on Capital Appreciation Bonds	288,491	34,600	(112,964)	210,127	117,139
<b>Total 2000 Various Purpose Imp Bonds</b>	<b>402,491</b>	<b>34,600</b>	<b>(155,000)</b>	<b>282,091</b>	<b>155,000</b>
2010 Various Purpose Refunding Bonds					
Current Interest Serial Bonds	1,185,000	0	0	1,185,000	0
Capital Appreciation Bonds	125,000	0	0	125,000	0
Accretion on Capital Appreciation Bonds	60,937	35,278	0	96,215	0
Current Interest Term Bonds	100,000	0	(35,000)	65,000	30,000
Premium	144,419	0	(13,864)	130,555	0
<b>Total 2010 Various Purpose Refunding Bonds</b>	<b>1,615,356</b>	<b>35,278</b>	<b>(48,864)</b>	<b>1,601,770</b>	<b>30,000</b>
<b>Total General Obligation Bonds</b>	<b>2,017,847</b>	<b>69,878</b>	<b>(203,864)</b>	<b>1,883,861</b>	<b>185,000</b>
<b>Other Long-Term Obligations</b>					
Capital Lease Payable	1,947,000	0	(137,000)	1,810,000	144,000
Compensated Absences	661,275	184,501	(242,628)	603,148	77,834
<b>Total Other Long-Term Obligations</b>	<b>2,608,275</b>	<b>184,501</b>	<b>(379,628)</b>	<b>2,413,148</b>	<b>221,834</b>
<b>Total Governmental Activities</b>					
<b>Long-Term Liabilities</b>	<b>\$4,626,122</b>	<b>\$254,379</b>	<b>(\$583,492)</b>	<b>\$4,297,009</b>	<b>\$406,834</b>

Compensated absences will be paid from the general fund and the food service, public preschool, title VI-B, title I and reducing class size special revenue funds. Capital leases will be paid from the general fund.

**Campbell City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2013*

On June 15, 2000, the School District issued \$3,019,000 in voted general obligation bonds which included serial, term and capital appreciation (deep discount) bonds in the amount of \$1,415,000, \$1,490,000 and \$114,000, respectively. The general obligation bonds were issued for the purpose of providing funding for the construction of a new K-8 elementary and middle school building and renovations and additions to the high school. On March 23, 2010, the full amount of the term bonds and a portion of the serial bonds were retired by the School District through an advance refunding. The serial bonds were fully retired at June 30, 2011. The final maturity amount of outstanding capital appreciation bonds at June 30, 2013, is \$465,000. The accretion recorded for the capital appreciation bonds for 2013 was \$34,600, for a total outstanding bond liability of \$282,091 at June 30, 2013.

On March 23, 2010, the School District issued \$1,635,000 in general obligation bonds to refund a portion of the 2000 various purpose improvement bonds. The general obligation bonds included serial, term and capital appreciation (deep discount) bonds in the amount of \$1,185,000, \$325,000 and \$125,000, respectively. The bonds were issued for a twelve year period with a final maturity at December 1, 2022. The bonds will be retired from the debt service fund.

The serial, term and capital appreciation bonds remained outstanding at June 30, 2013. The capital appreciation bonds were originally sold at a discount of \$240,000, which is being accreted annually until the point of maturity of the capital appreciation bonds, which is 2016 through 2017.

The maturity amount of outstanding capital appreciation bonds at June 30, 2013 is \$365,000. The accretion recorded for 2013 was \$35,278, for a total outstanding bond liability of \$221,215 at June 30, 2013.

The term bonds maturing on December 1, 2014 are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1, 2013 in the principal amount of \$30,000. The remaining principal amount of the term bonds (\$35,000) will mature at the stated maturity.

The School District's overall debt margin was \$4,789,416 with an unvoted debt margin of \$65,839 at June 30, 2013. Principal and interest requirements to retire general obligation bonds are as follows:

	General Obligation Bonds					
	Term		Serial		Capital Appreciation	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$30,000	\$850	\$0	\$39,875	\$37,861	\$117,139
2015	35,000	298	0	39,875	34,103	120,897
2016	0	0	0	39,875	68,771	116,229
2017	0	0	0	39,875	56,229	123,771
2018	0	0	180,000	37,265	0	0
2019-2023	0	0	1,005,000	91,517	0	0
Total	<u>\$65,000</u>	<u>\$1,148</u>	<u>\$1,185,000</u>	<u>\$288,282</u>	<u>\$196,964</u>	<u>\$478,036</u>

**Campbell City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2013*

**Note 17 – Capital Leases**

In prior years, the School District entered into a capital lease for the construction of a stadium facility. The lease obligation meets the criteria of a capital lease and has been recorded on the government-wide statements. The original amounts capitalized for the capital lease and the book value as of June 30, 2013 follows:

	Amounts
Asset:	
Land Improvements	\$145,171
Buildings and Improvements	2,689,829
Less: Accumulated Depreciation	(549,496)
Current Book Value	\$2,285,504

The following is a schedule of the future long-term minimum lease payments required under the capital lease and present value of the minimum lease payments is as follows:

Year ending June 30,	Capital Lease
2014	\$233,235
2015	232,664
2016	232,732
2017	232,412
2018	231,677
2019-2023	1,149,940
Total Minimum Lease Payments	2,312,660
Less: Amount Representing Interest	(502,660)
Present Value of Minimum Lease Payments	\$1,810,000

**Note 18 - Interfund Transfers and Balances**

***Interfund Transfers***

The general fund transferred \$293,646 in oil and gas royalties to the permanent improvement fund to provide for future capital improvements.

***Interfund Balances***

The general fund reported an interfund receivable at June 30, 2013 of \$39,984. The other governmental funds had an interfund payable of \$39,984 due to the timing of grant receipts.



**Campbell City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2013*

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**Note 19 - Jointly Governed Organizations**

***Area Cooperative Computerized Educational Service System Council of Governments***

The Area Cooperative Computerized Educational Service System (ACCESS) Council of Governments is a computer network which provides data services to twenty-three school districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. Each of the governments of these schools supports ACCESS based upon a per pupil charge before any e-rate credits, which was \$40.25 for fiscal year 2013. The School District paid \$16,377 to ACCESS during fiscal year 2013. ACCESS is governed by an assembly consisting of the superintendents or other designees of the member school districts. The assembly exercises total control over the operation of ACCESS including budgeting, appropriating, contracting and designating management. The degree of control exercised by any participating school district is limited to its representation on the Board. All of ACCESS revenues are generated from charges for services and State funding. Financial information can be obtained by contacting the Treasurer at the Mahoning County Educational Service Center, who serves as fiscal agent, at 100 Debartolo Place, Youngstown, Ohio 44512.

***Mahoning County Career and Technical Center***

The Mahoning County Career and Technical Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of representatives from the participating school districts' elected boards, which possesses its own budgeting and taxing authority. The degree of control exercised by any participating school district is limited to its representation on the Board. The School District did not contribute any amounts to the Mahoning County Career and Technical Center during fiscal year 2013. To obtain financial information, write to the Treasurer of the Career and Technical Center at 7300 North Palmyra Road, Canfield, Ohio 44406.

**Note 20 – Shared Risk Pool**

***Mahoning County School Employees Insurance Consortium*** The School District participates in the Mahoning County Schools Employees Insurance Consortium (Consortium). This is a shared risk pool comprised of twelve Mahoning County School Districts. The Consortium is governed by an assembly which consists of one representative from each participating school district (usually the superintendent or designee). The assembly elects officers for one year terms to serve as the Board of Directors. The assembly exercises control over the operation of the Consortium. Consortium revenues are generated from charges for services.

**Note 21 - Set-Aside Calculations**

The School District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at year end and carried forward to be used for the same purposes in future years. In prior years, the School District was also required to set aside money for budget stabilization. At June 30, 2013, only the unspent portion of certain workers' compensation refunds continues to be set aside.

The following cash basis information describes the change in the fiscal year end set aside amounts for capital acquisition and budget stabilization. Disclosure of this information is required by State statute.

**Campbell City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2013*

	Capital Improvements	Budget Stabilization
Set-Aside Balance as of June 30, 2012	(\$1,524,000)	\$80,192
Current Year Set-aside Requirement	215,859	0
Qualifying Disbursements	(96,240)	0
Total	(\$1,404,381)	\$80,192
Set-aside Balance Carried Forward to Future Fiscal Years	(\$1,404,381)	\$80,192
Set-Aside Balance as of June 30, 2012	\$0	\$80,192

The School District had qualifying disbursements during the fiscal year that reduced the capital acquisition set-asides below zero. The negative balance being carried forward in the capital acquisition set-aside represents the still outstanding balance on the School District's Ohio Schools Facilities Commission bonds. The total restricted for set-asides at the end of the fiscal year was \$80,192.

**Note 22 – Encumbrances**

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

General Fund	\$56,334
Other Governmental Funds	52,960
Total	\$109,294

**CAMPBELL CITY SCHOOL DISTRICT  
MAHONING COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2013**

<b>Federal Grantor/ Pass Through Grantor Program Title</b>	<b>Federal CFDA Number</b>	<b>Receipts</b>	<b>Non-Cash Receipts</b>	<b>Expenditures</b>	<b>Non-Cash Expenditures</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>					
<i>Passed Through Ohio Department of Education:</i>					
<i>Nutrition Cluster:</i>					
<i>Non-Cash Assistance (Food Distribution):</i>					
National School Lunch Program	10.555		\$25,385		\$25,385
<i>Cash Assistance:</i>					
National School Breakfast Program	10.553	\$84,573		\$84,573	
National School Lunch Program	10.555	331,162		331,162	
<i>Total Nutrition Cluster</i>		415,735	25,385	415,735	25,385
Fresh Fruit and Veggies Program - 2012	10.582	1,086		0	
Fresh Fruit and Veggies Program - 2013	10.582	33,780		39,723	
		34,866		39,723	
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>		<b>450,601</b>	<b>25,385</b>	<b>455,458</b>	<b>25,385</b>
<b>U.S. DEPARTMENT OF EDUCATION</b>					
<i>Passed Through Ohio Department of Education:</i>					
<i>Title I, Part A Cluster</i>					
Title I Grants to Local Educational Agencies - 2012	84.010	174,419		180,211	
Title I Grants to Local Educational Agencies - 2013	84.010	445,799		445,162	
Title I Grants to Local Educational Agencies - School Improvement	84.010	27,010		21,479	
ARRA - Title I Grants to Local Educational Agencies	84.389	4,925		4,925	
<i>Total Title I Grants to Local Educational Agencies</i>		652,153		651,777	
<i>Special Education Cluster (IDEA)</i>					
Special Education Grants to States - 2012	84.027	67,703		66,451	
Special Education Grants to States - 2013	84.027	225,309		225,297	
ARRA - Special Education Grants to States - 2013	84.391	0		600	
<i>Total Special Education Grants to States</i>		293,012		292,348	
<i>Improving Teacher Quality State Grants Title II, Part A</i>					
Improving Teacher Quality State Grants - 2012	84.367	25,450		25,450	
Improving Teacher Quality State Grants - 2013	84.367	82,585		82,585	
<i>Total Improving Teacher Quality State Grants</i>		108,035		108,035	
ARRA - Race-to-the-Top, Incentive Grants - 2013	84.395	1,050		1,050	
<i>Total ARRA - Race-to-the-Top, Incentive Grants</i>		1,050		1,050	
Ed Jobs	84.410	20,313		20,887	
<i>Total Ed Jobs</i>		20,313		20,887	
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>		<b>1,074,563</b>		<b>1,074,097</b>	
<b>TOTALS</b>		<b>\$1,525,164</b>	<b>\$25,385</b>	<b>\$1,529,555</b>	<b>\$25,385</b>

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

**CAMPBELL CITY SCHOOL DISTRICT  
MAHONING COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) reports the Campbell City School District's (the District's) federal award programs' receipts and expenditures. The schedule has been prepared on the cash basis of accounting.

**NOTE B - CHILD NUTRITION CLUSTER**

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

**NOTE C – FOOD DONATION PROGRAM**

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



# Dave Yost • Auditor of State

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

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

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Campbell City School District, Mahoning County, (the District) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated April 18, 2014, wherein we noted the District adopted the provisions of Governmental Accounting Standards Board Statements No.63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position" and No. 65, "items previously reported as Assets and Liabilities".

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

***Compliance and Other Matters***

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2013-001.

***Entity's Response to Finding***

The District's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the District's response and, accordingly, we express no opinion on it.

***Purpose of this Report***

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



**Dave Yost**  
Auditor of State  
Columbus, Ohio

April 18, 2014



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

To the Board of Education:

### ***Report on Compliance for Each Major Federal Program***

We have audited Campbell City School District's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of Campbell City School District's major federal programs for the year ended June 30, 2013. The *Summary of Auditor Results* in the accompanying schedule of findings identifies the District's major federal programs.

### ***Management's Responsibility***

The District's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

### ***Auditor's Responsibility***

Our responsibility is to opine on the District's compliance for each of the District's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

***Basis for Qualified Opinion on Title I***

As described in findings 2013-002 and 2013-003 in the accompanying schedule of findings, the District did not comply with requirements regarding the following:

Finding #	CFDA #	Program Name	Compliance Requirement
2013-002	84.010 & 84.389	Title I	Level of Effort and Special Tests and Provisions
2013-003	84.010 & 84.389	Title I	Reporting

Compliance with these requirements is necessary, in our opinion, for the District to comply with the requirements applicable to these programs.

***Qualified Opinion on Title I***

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion on Title I paragraph, Campbell City School District complied, in all material respects, with the requirements referred to above that could directly and materially affect its Title I program for the year ended June 30, 2013.

***Unmodified Opinion on the Other Major Federal Program***

In our opinion, Campbell City School District complied in all material respects with the requirements referred to above that could directly and materially affect its other major federal program identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings for the year ended June 30, 2013.

***Report on Internal Control Over Compliance***

The District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

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



*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program's compliance requirement will not be prevented, or timely detected and corrected. A significant deficiency in internal control over compliance is a deficiency or a combination of deficiencies in internal control over compliance with a federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings as items 2013-002 and 2013-003 to be material weaknesses.

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

This report only describes the scope of our tests of internal control over compliance and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

April 18, 2014

**CAMPBELL CITY SCHOOL DISTRICT  
MAHONING COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2013**

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

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	Yes
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	<b>Qualified:</b> Title I Grants to Local Educational Agencies  <b>Unmodified:</b> Nutrition Cluster
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	Yes
<i>(d)(1)(vii)</i>	Major Programs (list):	Nutrition Cluster (CFDA's # 10.553 & 10.555) Title I (CFDA's # 84.010 & 84.389)
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

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

<b>Finding Number</b>	2013-001
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**Noncompliance**

See (federal) finding # 2013-002 below; GAGAS also requires us to report this finding.

**Officials' Response:**

See Corrective Action Plan

<b>3. FINDINGS FOR FEDERAL AWARDS</b>
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<b>Finding Number</b>	2013-002
<b>CFDA Title and Number</b>	Title I Grants to Local Educational Agencies: CFDA #84.010
<b>Federal Agency</b>	U.S. Department of Education
<b>Pass-Through Agency</b>	Ohio Department of Education

**Material Noncompliance / Material Weakness – Level of Effort and Special Tests and Provisions**

**Title I, Sections 1116(a) and (b)(1), (7), and (8) of the Elementary and Secondary Education Act (ESEA) (20 USC 6316(a) and (b)(1), (7), and (8))) and 34 CFR sections 200.30 through 200.34** require school districts annually review the progress of each school served under Title I, Part A to determine whether the school has made Annual Yearly Progress (AYP). Every school and district must meet AYP goals that the ODE Accountability Model (approved by USDOE) has established for reading and mathematics proficiency and test participation, attendance rate and graduation rate. AYP determinations for districts and schools are based on test participation and proficiency rate goals. These goals are evaluated for the student groups when the minimum subgroup size has been met. AYP graduation and attendance goals are evaluated for the "All Students" group only. Failure to meet any of the proficiency or participation goals, attendance levels or graduation targets results in the district or school not meeting AYP. This is commonly referred to as a maintenance of effort requirement.

**Title I, Sections 1111(h)(2) and 1116(a)(1)(C) of ESEA (20 USC 6311(h)(2) and 6316(a)(1)(C)) and 34 CFR sections 200.36 through 200.38** also require each school district that receives Title I, Part A funds prepare and disseminate to all schools in the district—and to all parents of students attending those schools—an annual district-wide report card that, among other things, includes the number, names, and percentage of schools identified for school improvement and how long the schools have been so identified.

Under the No Child Left Behind (NCLB) model, a school's report card specifies its performance as compared to other schools in Ohio. Specifically, the NCLB school report card displays student achievement data in reading, mathematics, science and other core subjects required by the state so that parents and the public can see how their schools are progressing over time. In addition, the report card includes information on student attendance rates and graduation rates.

A school's performance on the report card can be affected by the students counted in the scoring. If the scores of low-performing students can be excluded from a particular school's report card, the overall performance of that school shows a corresponding improvement.

Under NCLB, there are several allowable ways student test scores can be excluded from an individual school's report card and pushed to the school district wide or state report card as described in ODE's "Where Kids Count" (WKC) Methodology. Breaks in enrollment result in student test scores being pushed to the statewide composite report card. In this scenario, the local report card includes only students enrolled for the fiscal annual year (FAY). A student must be enrolled continuously at a single school from the end of October count week to May 10th for grades 3-8 or March 19th for all other grades to qualify for the full academic year of attendance. When a lawful break in enrollment occurs, school districts push the student's test scores to the State's report card. Schools break enrollment by withdrawing or enrolling students between October count week and the end of the academic school year.

The concept of due process prior to withdrawal of truant students is further emphasized by the NCLB Act and IDEA. The NCLB Act requires every Title I eligible child be served under the program. Withdrawing students prior to receiving due process inaccurately inflates the school's AYP report card rating, which results in an understatement of Title I allocations to the eligible buildings within a school district.

**FINDING NUMBER 2013-002  
(Continued)**

The process of creating breaks in enrollment entails admitting or withdrawing students after the official October Average Daily Membership (ADM) count week. Valid reasons to create a "break" in enrollment are established pursuant to Chapter 2 of the 2012 ODE Education Management Information System (EMIS) Manual. One of the more common reasons is the student withdrew due to truancy/nonattendance.

Ohio Rev. Code Section 3321.19 defines truancy and empowers Ohio school governing boards to adopt their own policies for intervention and withdrawal of students. If a parent, guardian, or other custodian of a habitual truant fails to cause the child's attendance at school, the board of education may proceed with an intervention strategy in accordance with its adopted policy, may initiate delinquency proceedings, or both. Each board is required under Ohio Rev. Code Section 3321.191 to adopt a policy to guide employees in addressing and ameliorating the habitual truancy of students.

With regard to truancy, schools are permitted to withdraw students only after appropriate due process. The statutes provide several procedural steps which schools must follow in dealing with violations of the compulsory attendance laws.

We selected a sample of twenty-two students that were enrolled for only a portion of the 2012 fiscal year. While we noted the District has Board-approved policies regarding completion and maintenance of enrollment or withdrawal forms, our testing identified the following material weaknesses:

- Two of twenty-two student files tested did not have sufficient supporting documentation in their files to support the withdrawals that were entered into the District's EMIS system.
- Three of twenty-two students tested had sufficient support to validate the student being excluded from the local report card, but were given an incorrect withdrawal code in the District's EMIS system.
- Two of twenty-two students tested who withdrew during the 2012 fiscal year, where not accounted for on the District's Data Analysis for Student Learning (DASL) withdrawal report.

The District should evaluate the Board-approved policies and establish formal procedures requiring the completion and maintenance of enrollment and withdrawals forms, and appropriate documentation supporting attendance events. The procedures should include training of its administrators, in addition to any other employees responsible, on the procedures to be performed as well as follow up reviews by the District's internal audit department to ensure the procedures are being followed. Additionally, the District should take due care in ensuring all appropriate documentation supporting the withdrawal code entered for a student is properly included in the student's file, and that each student is accounted for on their withdrawal report. Failure to do so may result in potential future losses of Title I funding.

**Officials' Response:**

See Corrective Action Plan

<b>Finding Number</b>	2013-003
<b>CFDA Title and Number</b>	Title I Grants to Local Educational Agencies: CFDA #84.010
<b>Federal Agency</b>	U.S. Department of Education
<b>Pass-Through Agency</b>	Ohio Department of Education

**Material Noncompliance / Material Weakness - Reporting**

Beginning with annual report cards providing assessment results for the 2011-2012 school year, an State Educational Agency (SEA) and its Local Education Agency (LEA) must report graduation rate data for all public high schools at the school, LEA, and State levels using the 4-year adjusted cohort rate under 34 CFR section 200.19(b)(1)(i)-(iv)). Additionally, SEAs and LEAs must include the 4-year adjusted cohort graduation rate (which may be combined with an extended-year adjusted cohort graduation rate or rates) in adequate yearly progress (AYP) determinations beginning with determinations based on assessments administered in the 2012-2013 school year. Graduation rate data must be reported both in the aggregate and disaggregated by each subgroup described in 34 CFR section 200.13(b)(7)(ii) using 4-year adjusted cohort graduation rate. To remove a student from the cohort, a school or LEA must confirm in writing that the student transferred out, emigrated to another country, or is deceased. To confirm that a student transferred out, the school or LEA must have official written documentation that the student enrolled in another school or in an educational program that culminates in the award of a regular high school diploma. A student who is retained in grade, enrolls in a General Educational Development (GED) program, or leaves school for any other reason may not be counted as having transferred out for the purpose of calculating graduation rate and must remain in the adjusted cohort (Title I, Sections 1111(b)(2) and (h) of the ESEA (20 USC 6311(b)(2) and (h)); 34 CFR section 200.19(b)).

Five out of twenty student records tested did not include the proper documentation to justify why the student was removed from the District's graduation cohort rate.

The District should establish formal procedures requiring the completion and maintenance of enrollment and withdrawals forms, as it relates to their calculation of their 4-year adjusted cohort rate. The procedures should include training of its administrators, in addition to any other employees responsible, on the procedures to be performed as well as follow up reviews by the District's internal audit department to ensure the procedures are being followed. Additionally, the District should take due care in ensuring all appropriate documentation supporting the removal of the student from the District's 4-year adjusted cohort graduation rate is properly included in the student's file. Failure to do so may result in potential future losses of Title I funding, as well as, negatively impact the District's adequate yearly progress on their report card.

**Officials' Response:**

See Corrective Action Plan

**CAMPBELL CITY SCHOOL DISTRICT  
MAHONING COUNTY  
FOR THE YEAR ENDED JUNE 30, 2013**

**CORRECTIVE ACTION PLAN  
OMB CIRCULAR A-133 §.315 (c)**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
<b>2013-001</b>	<ol style="list-style-type: none"> <li>1. On June 25, 2013 the Board of Education approved the appointment of a new EMIS Coordinator effective August 1, 2013. At that same meeting, the Board approved revisions of Board Policy #5111 – Eligibility of Resident/Nonresident Students and Administrative Guidelines #5111 – Admission to the District.</li> <li>2. On August 12, 2013, a meeting was conducted with all secretaries and administrators for purposes of instituting central registration and review of procedures and protocols to ensure timeliness and accuracy.</li> <li>3. In September 2013, the District instituted Central Registration through the reassignment of personnel.</li> <li>4. Due to employee request of reassignment, the Board of Education hired an educational assistant for purposes specific to enrollment and withdrawal of students on October 22, 2013.</li> <li>5. On January 3, 2014, a meeting was conducted with the EMIS Coordinator, previous EMIS Coordinator, and Superintendent to review EMIS coding and submissions to date.</li> <li>6. On February 4, 2014, a memo went out to all secretaries and principals in regard to attendance coding of medical, in school suspension, out of school suspension, and/or late arrival to school to ensure consistency throughout the District.</li> <li>7. On March 3, 2014, an internal audit was conducted where a random sample of students was selected for review of attendance, withdrawal, and enrollment.</li> </ol>	Fiscal Year 2014	Nora Montanez, Treasurer

	<p>8. On March 5, 2014, Mr. Bowen met with Central Registration personnel to review multiple student records to determine the accuracy of withdrawal/enrollment submissions. After the meeting, further correspondence was sent to all secretaries and administrators specifically referencing the usage of the parent withdrawal form.</p> <p>9. On March 25, 2014, P.R. Casey, Chief Legal Counsel at ODE was sent a submission in response to a letter dated March 7, 2014 requesting specific supporting evidence of individual student files from the 2011/2012 school year. The information was first reviewed by the current EMIS Coordinator and further investigated by the Director of Special Services and Superintendent. As a result of the findings, it has been determined similar occurrences of student electronic withdrawal could not be supported with documentation.</p> <p>10. In late June, prior to finalizing all submissions through the Where Kids Count Report, the District's internal audit committee will review a random sample of student files to ensure accuracy of the withdrawals and enrollment submissions.</p>		
<b>2013-002</b>	See Finding Number 2013-001 above	Fiscal Year 2014	Nora Montanez, Treasurer
<b>2013-003</b>	See Finding Number 2013-001 above	Fiscal Year 2014	Nora Montanez, Treasurer

**CAMPBELL CITY SCHOOL DISTRICT  
MAHONING COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
OMB CIRCULAR A -133 § .315 (b)  
JUNE 30, 2013**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2012-001	Students were excluded from the District's Annual Report Card. This was reported as a federal finding and also as a GAGAS noncompliance comments, see finding 2012-002 below.	No	Repeated as Finding 2013-001
2012-002	Students were excluded from the District's Annual Report Card. This was reported as a federal finding.	No	Repeated as Finding 2013-002





# Dave Yost • Auditor of State

## Independent Accountants' Report on Applying Agreed-Upon Procedure

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

To the Board of Education:

Ohio Rev. Code Section 117.53 states "the auditor of state shall identify whether the school district or community school has adopted an anti-harassment policy in accordance with Section 3313.666 of the Revised Code. This determination shall be recorded in the audit report. The auditor of state shall not prescribe the content or operation of any anti-harassment policy adopted by a school district or community school."

Accordingly, we have performed the procedure enumerated below, which was agreed to by the Board, solely to assist the Board in evaluating whether Campbell City School District (the District has updated its anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedure engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of this procedure is solely the responsibility of the Board. Consequently; we make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

1. We noted the Board amended its anti-harassment policy at its meeting on November 27, 2012 to include prohibiting harassment, intimidation, or bullying of any student "on a school bus" or by an "electronic act".

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the anti-harassment policy. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost".

**Dave Yost**  
Auditor of State

April 18, 2014

101 Central Plaza South, 700 Chase Tower, Canton, Ohio 44702-1509  
Phone: 330-438-0617 or 800-443-9272 Fax: 330-471-0001

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# Dave Yost • Auditor of State

**CAMPBELL CITY SCHOOL DISTRICT**

**MAHONING COUNTY**

**CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JULY 10, 2014**