

***CITY OF CAMPBELL***  
**MAHONING COUNTY, OHIO**  
**AUDIT REPORT**  
**For the Year Ended December 31, 2013**





# Dave Yost • Auditor of State

Members of Council  
City of Campbell  
351 Tenney Avenue  
Campbell, Ohio 44405

We have reviewed the *Independent Auditor's Report* of the City of Campbell, Mahoning County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2013 through December 31, 2013. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The City of Campbell is responsible for compliance with these laws and regulations.

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

Dave Yost  
Auditor of State

September 26, 2014

**This page intentionally left blank.**

**CITY OF CAMPBELL  
MAHONING COUNTY  
AUDIT REPORT  
For the Year Ending December 31, 2013**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditor's Report.....	1
Management's Discussion and Analysis.....	4
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position.....	13
Statement of Activities.....	14
Fund Financial Statements:	
Balance Sheet - Governmental Funds.....	16
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities.....	17
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds.....	18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	19
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non - GAAP) and Actual	
General Fund.....	20
Street Construction, Maintenance and Repair Fund.....	21
Clean Ohio Fund.....	22
Statement of Net Position - Proprietary Funds.....	23
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds.....	24
Statement of Cash Flows - Proprietary Funds.....	25
Statement of Fiduciary Assets and Liabilities - Agency Funds.....	26
Notes to the Basic Financial Statements.....	27
Schedule of Federal Awards Expenditures.....	52
Notes to the Schedule of Federal Awards Expenditures.....	53
Independent Auditor's Report on Internal Control Over Financial Report and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	54
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance Required by <i>OMB Circular A-133</i> .....	56
Schedule of Findings.....	59
Schedule of Prior Audit Findings.....	62

**This page intentionally left blank.**

Rockefeller Building  
614 W Superior Ave Ste 1242  
Cleveland OH 44113-1306  
Office phone - (216) 575-1630  
Fax - (216) 436-2411

***Charles E. Harris & Associates, Inc.***  
*Certified Public Accountants*

---

## **INDEPENDENT AUDITOR'S REPORT**

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

To the City Council:

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Campbell, Mahoning County, Ohio (the City), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City'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 City'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 City'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, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Campbell, Mahoning County, Ohio, as of December 31, 2013, and the respective changes in financial position and where applicable, cash flows thereof and the respective budgetary comparisons for the General, Street Construction, Maintenance and Repair and Clean Ohio funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.


**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.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated August 28, 2014, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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 City's internal control over financial reporting and compliance.



**Charles E. Harris & Associates, Inc.**  
August 28, 2014



This page intentionally left blank

**City of Campbell**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2013*  
*Unaudited*

---

The discussion and analysis of the City of Campbell's financial performance provides an overall review of the City's financial activities for the year ended December 31, 2013. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers are encouraged to consider information presented here in conjunction with the additional information contained in the basic financial statements to enhance their understanding of the City's financial performance.

**Financial Highlights**

Financial highlights for 2013 are as follows:

- On October 2, 2013, the Auditor of State terminated the City from fiscal emergency. Based upon an analysis performed by the Auditor of State, the City no longer meets the fiscal emergency conditions set forth in Section 118.03 of the Revised Code, that the objectives of the financial recovery plan are being met, that an effective financial accounting and reporting system in accordance with Section 118.10 of the Revised Code has been implemented, and that Management has prepared a financial forecast for a five-year period in accordance with the standards issued by the Auditor of State.
- The City of Campbell utilized the services of the Regional Income Tax Agency (R.I.T.A.) during 2013. R.I.T.A. administers and collects the City's income taxes as of January 1, 2005. As a result, income tax collections for the City's general fund are remaining consistent with the prior year; due in part to accelerated collections of delinquencies, collecting from prior non-filers, and enforcing payment of quarterly estimated taxes by individuals.
- Total governmental capital assets increased due to the purchase of several vehicles, the purchase of a park fence and sidewalks leading to several City schools during the year which was offset by an additional year of depreciation. The business-type activities capital assets decreased due to an additional year of depreciation expense.
- Major Grants: The major grants received by the City are Clean Ohio Revitalization Fund, CDBG, CHIP and Small Cities Formula Allocation Grants.

**Using this Annual Financial Report**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the readers can understand the City of Campbell as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Position and Statement of Activities provide information about the activities of the whole City, presenting both an aggregate view of the City's financial and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the City's most significant funds with all other nonmajor funds presented in total in one column.

**Reporting on the City of Campbell as a Whole**

While this document contains the large number of funds used by the City to provide programs and activities, the view of the City as a whole looks at all financial transactions and asks the question, "How did we do financially during 2013?" The Statement of Net Position and the Statement of Activities answer this question.

These statements include all *assets* and *deferred outflows of resources* and *liabilities* and *deferred inflows of resources* using the *accrual basis of accounting* similar to the accounting used by most private-sector

**City of Campbell**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2013*  
*Unaudited*

---

companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the City's *net position* and changes in net position. This change in net position is important because it tells the reader that, for the City as a whole, the *financial position* of the City has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the County's tax base, current property tax laws in Ohio restricting revenue growth and other factors.

In the Statement of Net Position and the Statement of Activities, the City is divided into two distinct kinds of activities:

**Governmental Activities** – Most of the City's programs and services are reported here including general government, security of persons and property, public health services, transportation, community development and leisure time activities. These services are funded primarily by taxes and intergovernmental revenues including Federal and State grants and other shared revenues.

**Business-Type Activities** – These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided.

### **Reporting on the Most Significant Funds of the City of Campbell**

***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 objective. The City, like other State and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Fund financial reports provide detailed information about the City's major funds. The City uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the City's most significant funds. The City's major governmental funds are the general fund, the street construction, maintenance and repair and clean Ohio special revenue funds and infrastructure and equipment capital projects fund.

***Governmental Funds*** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains a multitude of individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances for the major funds, which were identified earlier. Data from the other governmental funds are combined into a single, aggregated presentation.

**City of Campbell**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2013*  
*Unaudited*

**Proprietary Funds** Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City's major enterprise funds are the water and storm water management funds.

**Fiduciary Funds** Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City's fiduciary funds are agency funds.

**Notes to the 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.

**The City of Campbell as a Whole**

The Statement of Net Position provides an overall view of the City. Table 1 shows a summary of the City's net position for 2013 as they compare to 2012.

(Table 1)  
*Net Position*

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
<b>Assets</b>						
Current and Other Assets	\$5,468,585	\$5,563,862	\$1,210,901	\$1,147,799	6,679,486	\$6,711,661
Capital Assets, Net	2,920,537	2,813,793	5,059,901	5,261,298	7,980,438	8,075,091
<i>Total Assets</i>	<u>8,389,122</u>	<u>8,377,655</u>	<u>6,270,802</u>	<u>6,409,097</u>	<u>14,659,924</u>	<u>14,786,752</u>
<b>Liabilities</b>						
Current Liabilities	1,087,430	924,220	109,806	86,714	1,197,236	1,010,934
Long-term Liabilities						
Due within one Year	83,851	60,436	163,480	158,369	247,331	218,805
Due in More than one Year	673,543	726,552	1,658,048	1,814,349	2,331,591	2,540,901
<i>Total Liabilities</i>	<u>1,844,824</u>	<u>1,711,208</u>	<u>1,931,334</u>	<u>2,059,432</u>	<u>3,776,158</u>	<u>3,770,640</u>
<b>Deferred Inflows of Resources</b>	<u>656,213</u>	<u>656,607</u>	<u>0</u>	<u>0</u>	<u>656,213</u>	<u>656,607</u>
<b>Net Position</b>						
Net Investment in Capital Assets	2,920,537	2,813,793	3,285,916	3,333,427	6,206,453	6,147,220
Restricted for:						
Capital Projects	112,694	68,564	0	0	112,694	68,564
Safety Forces	138,068	157,766	0	0	138,068	157,766
Streets	500,831	468,101	0	0	500,831	468,101
Parks	194,572	235,499	0	0	194,572	235,499
Other Purposes	572,009	643,425	0	0	572,009	643,425
Unrestricted	1,449,374	1,622,692	1,053,552	1,016,238	2,502,926	2,638,930
<i>Total Net Position</i>	<u>\$5,888,085</u>	<u>\$6,009,840</u>	<u>\$4,339,468</u>	<u>\$4,349,665</u>	<u>\$10,227,553</u>	<u>\$10,359,505</u>

By comparing assets and deferred outflows of resources and liabilities and deferred inflows of resources, one can see the overall position of the City has decreased over the prior year as evidenced by the decrease in net position for governmental and business-type activities. The decrease in governmental net position can be attributed to the increase in current liabilities. The increase in current liabilities is due to an increase in accounts payable which was offset by a decrease in unearned revenue as the City recognizes a year of revenue related to the oil and gas lease. The oil and gas lease payment will be earned over the 5 years of the lease agreement. Accounts payable increased due to the accrual of payments related to the demolition and remediation activities at the Sherman International property. The decrease in business-type net position can be attributed the decrease in capital assets due to an additional year of depreciation. Management continues

**City of Campbell**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2013*  
*Unaudited*

to diligently plan expenses, staying carefully within the City's revenues in an effort to maintain excellent levels of service within the constraints of the budget.

In order to further understand what makes up the changes in net position for the current year, the following table gives readers further details regarding the results of activities for the current year. Table 2 shows total revenues, expenses and changes in net position for fiscal years 2013 and 2012.

(Table 2)  
*Changes in Net Position*

	Governmental Activities		Business-Type Activities		Totals	
	2013	2012	2013	2012	2013	2012
<b>Program Revenues</b>						
Charges for Services and Assessments	\$685,181	\$743,072	\$1,755,353	\$1,920,704	\$2,440,534	\$2,663,776
Operating Grants and Contributions	1,501,516	726,267	39,000	0	1,540,516	726,267
Capital Grants	211,644	622,273	0	0	211,644	622,273
<i>Total Program Revenues</i>	<u>2,398,341</u>	<u>2,091,612</u>	<u>1,794,353</u>	<u>1,920,704</u>	<u>4,192,694</u>	<u>4,012,316</u>
<b>General Revenues</b>						
Property Taxes	732,180	507,903	0	0	732,180	507,903
Municipal Income Tax	1,870,951	1,976,674	0	0	1,870,951	1,976,674
Grants and Entitlements not Restricted to Specific Programs	276,620	279,278	0	0	276,620	279,278
Interest	3,108	3,585	3	0	3,111	3,585
Other	275,228	204,467	1,456	0	276,684	204,467
<i>Total General Revenues</i>	<u>3,158,087</u>	<u>2,971,907</u>	<u>1,459</u>	<u>0</u>	<u>3,159,546</u>	<u>2,971,907</u>
<i>Total Revenues</i>	<u>5,556,428</u>	<u>5,063,519</u>	<u>1,795,812</u>	<u>1,920,704</u>	<u>7,352,240</u>	<u>6,984,223</u>
<b>Program Expenses</b>						
General Government	1,263,462	1,230,095	0	0	1,263,462	1,230,095
Security of Persons and Property:						
Police	1,554,791	1,206,381	0	0	1,554,791	1,206,381
Fire	581,415	627,188	0		581,415	
Transportation	695,362	541,269	0	0	695,362	541,269
Community Development	1,303,842	448,143	0	0	1,303,842	448,143
Leisure Time Activities	250,240	502,938	0	0	250,240	502,938
Interest and Fiscal Charges	21,481	27,727	0	0	21,481	27,727
Water	0	0	1,622,010	1,627,214	1,622,010	1,627,214
Storm Water Management	0	0	191,589	130,429	191,589	130,429
<i>Total Program Expenses</i>	<u>5,670,593</u>	<u>4,583,741</u>	<u>1,813,599</u>	<u>1,757,643</u>	<u>7,484,192</u>	<u>5,714,196</u>
Transfers	(7,590)	0	7,590	0	0	0
<i>Change in Net Position</i>	<u>(121,755)</u>	<u>479,778</u>	<u>(10,197)</u>	<u>163,061</u>	<u>(131,952)</u>	<u>1,270,027</u>
Net Position Beginning of Year	6,009,840	5,530,062	4,349,665	4,186,604	10,359,505	9,716,666
Net Position End of the Year	<u>\$5,888,085</u>	<u>\$6,009,840</u>	<u>\$4,339,468</u>	<u>\$4,349,665</u>	<u>\$10,227,553</u>	<u>\$10,986,693</u>

**City of Campbell**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2013*  
*Unaudited*

---

**Governmental Activities**

Funding for governmental activities is derived from several sources, the largest of which is the City's municipal income tax. For 2013, annual income tax receipts were more than half of all general revenues at 59 percent. The City's income tax rate is currently 2.5 percent. Residents of the City who work in another community receive a 100 percent credit on income earned outside the City and paid to another municipality.

General revenues from grants and entitlements, such as local government funds, are also revenue generators. The City monitors its source of revenues very closely for fluctuations. Local government funding has slowly been reduced for the past several years and is anticipated to be stagnant in the future. This is a direct result of the planned State budget reduction. Investment earnings and miscellaneous receipts are insignificant and are somewhat unpredictable revenue sources. Other revenue included the second year of recognition of a portion of the oil and gas lease payment the City recorded as a receivable in the prior year. The oil and gas lease covers a five year period so the City will recognize a portion of the payment over the five years as it is earned.

Program revenues represent less than half of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money, fine money allocated to and restricted for use by the municipal court and grant money restricted by the State and Federal granting agencies

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

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

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

**Business-Type Activities**

The City operates two business-type activities, the water treatment and storm water management. These two activities received charges for services of \$1,606,244 from water and \$149,109 from storm water management. The largest sources of revenue for both water and storm water in 2013 were charges for services. Water and storm water management expenses for 2013 amounted to \$1,622,010 and \$191,589, respectively. Payroll and employees benefits are the largest expense for the water fund. Contractual services are the largest expense for the storm water management fund.

**The City's Funds**

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources

**City of Campbell**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2013*  
*Unaudited*

---

available for spending at the end of the year. Information about the City's governmental funds begins on page 16. The funds are accounted for using the modified accrual method of accounting.

As of the end of 2013, the City of Campbell's governmental funds reported a positive combined ending fund balance. The City's major governmental funds are the general fund, street construction, maintenance and repair and Clean Ohio special revenue funds and the infrastructure and equipment capital projects fund. Revenues were under expenditures for the year in the general fund due to a decrease in the municipal income tax and property tax collections. The assessed values upon which 2013 property tax receipts are based on decreased about \$12.9 million when compared to the prior year. The street construction, maintenance and repair special revenue fund had an increase in fund balance as revenues increased due to an increase in property tax collections during 2013. The Clean Ohio special revenue fund was a new fund established during 2013 to track a grant award from the Ohio Department Services Agency Office of Redevelopment. The City was awarded \$1.8 million in Clean Ohio Revitalization Fund assistance to conduct demolition and remediation activities at the Sherman International property. The project was started during 2013 and continues into 2014. The infrastructure and equipment capital projects fund had an increase in fund balance during the year due to an increase in available grant revenue. The City purchased a new park fence and constructed new sidewalks near City schools out of the infrastructure and equipment capital projects fund. A grant was awarded during 2013 specifically for the new sidewalks. This project will continue into 2014. Roof repairs at City Hall as well as resurfacing a portion of the City Hall's parking lot were also financed out of this fund in 2013.

Information about the proprietary funds starts on page 23. These funds are accounted for on an accrual basis.

Enterprise funds are handled in the same manner as governmental funds, with the intent to ensure the strength of these funds. These funds had total operating revenue of \$1,756,809 and total operating expenses of \$1,734,421. If expenses were to exceed revenue and dramatically affect net position, the City has the power to increase revenue through water rate increases.

### **General Fund Budgeting Highlights**

Budgeting for the operations of the City is done as prescribed by Ohio Revised Code. Essentially the budget is the City's appropriations, which is restricted by the amounts of the anticipated revenues certified by the Budget Commission in accordance with Ohio Revised Code. In 2013, actual revenues for the general fund were more than final estimated revenues due to income tax collections coming in higher than expected which was offset by charges for services and property tax collections coming in under the estimate for the year. City Council's actual expenditures were less than final appropriations in total but police costs were higher due to unexpected costs occurring near year end.

The original revenue and expenditure budget is designed to be very conservative requiring additional spending requests to be approved by Council throughout the year. During the course of 2013, the City amended its general fund budget numerous times, in response to conservative revenue projections being surpassed.

### **Capital Assets and Debt Administration**

#### ***Capital Assets***

Total capital assets for the governmental activities, net of accumulated depreciation increased. This increase can be contributed to several additions during the year which was offset by an additional year of accumulated depreciation being taken. The City purchased several vehicles for the police, park and street departments. A

**City of Campbell**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2013*  
*Unaudited*

park fence was replaced during the year and sidewalks were added to several streets leading to City schools. A school sidewalk grant was received to cover the construction of new sidewalks.

Total capital assets for the business-type activities, net of accumulated depreciation decreased due to an additional year of accumulated depreciation being taken. See Note 11 to the basic financial statements for additional information on capital assets.

(Table 3)  
*Capital Assets at December 31*  
*(Net of Accumulated Depreciation)*

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$755,800	\$755,800	\$34,280	\$34,280	\$790,080	\$790,080
Land Improvements	356,598	192,834	3,387	4,208	359,985	197,042
Buildings	243,206	257,131	957,340	1,004,593	1,200,546	1,261,724
Machinery and Equipment	106,490	120,873	177,799	225,848	284,289	346,721
Vehicles	946,196	964,236	11,095	14,369	957,291	978,605
Infrastructure	512,247	522,919	3,876,000	3,978,000	4,388,247	4,500,919
Total Capital Assets	<u>\$2,920,537</u>	<u>\$2,813,793</u>	<u>\$5,059,901</u>	<u>\$5,261,298</u>	<u>\$7,980,438</u>	<u>\$8,075,091</u>

**Long-term Obligations**

The long-term obligations include police and fire pension payments, OPWC and OWDA loans and compensated absences.

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

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
OPWC Loans	\$0	\$0	\$392,180	\$437,723	\$392,180	\$437,723
OWDA Loans	0	0	1,381,805	1,490,148	1,381,805	1,490,148
Police and Fire Pension Loan	496,124	510,069	0	0	496,124	510,069
Compensated Absences	261,270	276,919	47,543	44,847	308,813	321,766
Total	<u>\$757,394</u>	<u>\$786,988</u>	<u>\$1,821,528</u>	<u>\$1,972,718</u>	<u>\$2,578,922</u>	<u>\$2,759,706</u>

For the business-type funds, the debt was issued for the water system improvements and a water storage tank replacement.

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

The City of Campbell's overall legal debt margin was \$6,904,974 on December 31, 2013. For more information about the City's long-term obligations, see Note 14 to the basic financial statements.

**Current Financial Issues**

The City voters passed a renewal of a five year 3.5 mill current expense tax levy on November 2, 2013. This levy generates additional revenue to help the City with its current financial responsibilities.



**City of Campbell**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2013*  
*Unaudited*

---

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

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

**Contacting the City of Campbell's Financial Management**

This financial report is designed to provide our citizen's, taxpayers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact Dr. Michael Evanson, Director of Finance, 351 Tenney Avenue, Campbell, Ohio 44405, telephone 330-755-9863.

---

## Basic Financial Statements

---

**City of Campbell, Ohio**

*Statement of Net Position*

*December 31, 2013*

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$2,875,291	\$1,169,032	\$4,044,323
Accounts Receivable	16,833	44,963	61,796
Internal Balances	42,094	(42,094)	0
Intergovernmental Receivable	373,092	39,000	412,092
Property Taxes Receivable	953,262	0	953,262
Income Taxes Receivable	1,201,769	0	1,201,769
Materials and Supplies Inventory	6,244	0	6,244
Nondepreciable Capital Assets	755,800	34,280	790,080
Depreciable Capital Assets, Net	2,164,737	5,025,621	7,190,358
<i>Total Assets</i>	<u>8,389,122</u>	<u>6,270,802</u>	<u>14,659,924</u>
<b>Liabilities</b>			
Accounts Payable	333,332	30,836	364,168
Accrued Wages	81,018	20,654	101,672
Intergovernmental Payable	78,217	20,080	98,297
Matured Compensated Absences Payable	4,490	0	4,490
Accrued Interest Payable	1,757	38,236	39,993
Unearned Revenue	588,616	0	588,616
Long-Term Liabilities:			
Due Within One Year	83,851	163,480	247,331
Due In More Than One Year	673,543	1,658,048	2,331,591
<i>Total Liabilities</i>	<u>1,844,824</u>	<u>1,931,334</u>	<u>3,776,158</u>
<b>Deferred Inflows of Resources</b>			
Property Taxes	656,213	0	656,213
<b>Net Position</b>			
Net Investment in Capital Assets	2,920,537	3,285,916	6,206,453
Restricted for:			
Capital Projects	112,694	0	112,694
Safety Forces	138,068	0	138,068
Streets	500,831	0	500,831
Parks	194,572	0	194,572
Other Purposes	572,009	0	572,009
Unrestricted	1,449,374	1,053,552	2,502,926
<i>Total Net Position</i>	<u>\$5,888,085</u>	<u>\$4,339,468</u>	<u>\$10,227,553</u>

See accompanying notes to the basic financial statements

**City of Campbell, Ohio**  
*Statement of Activities*  
For the Year Ended December 31, 2013

	Program Revenues			
	Expenses	Charges for Services and Assessments	Operating Grants and Contributions	
<b>Governmental Activities:</b>				
General Government	\$1,263,462	\$289,634	\$35,280	\$0
Security of Persons and Property:				
Police	1,554,791	320,649	91,573	0
Fire	581,415	65,233	26,977	0
Transportation	695,362	0	431,064	211,644
Community Environment	1,303,842	0	916,622	0
Leisure Time Activities	250,240	9,665	0	0
Interest and Fiscal Charges	21,481	0	0	0
<i>Total Governmental Activities</i>	<u>5,670,593</u>	<u>685,181</u>	<u>1,501,516</u>	<u>211,644</u>
<b>Business-Type Activities:</b>				
Water	1,622,010	1,606,244	39,000	0
Storm Water Management	191,589	149,109	0	0
<i>Total Business-Type Activities</i>	<u>1,813,599</u>	<u>1,755,353</u>	<u>39,000</u>	<u>0</u>
<i>Total</i>	<u>\$7,484,192</u>	<u>\$2,440,534</u>	<u>\$1,540,516</u>	<u>\$211,644</u>

**General Revenues**

Property Taxes Levied for:

    General Purposes

    Street

    Police

    Fire

Municipal Income Taxes Levied for:

    General Purposes

    Park

Grants and Entitlements not Restricted  
to Specific Programs

Interest

Other

*Total General Revenues*

Transfers

*Total General Revenues and Transfers*

Change in Net Position

*Net Position Beginning of Year*

*Net Position End of Year*

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
(\$938,548)	\$0	(\$938,548)
(1,142,569)	0	(1,142,569)
(489,205)	0	(489,205)
(52,654)	0	(52,654)
(387,220)	0	(387,220)
(240,575)	0	(240,575)
(21,481)	0	(21,481)
<u>(3,272,252)</u>	<u>0</u>	<u>(3,272,252)</u>
0	23,234	23,234
<u>0</u>	<u>(42,480)</u>	<u>(42,480)</u>
<u>0</u>	<u>(19,246)</u>	<u>(19,246)</u>
<u>(3,272,252)</u>	<u>(19,246)</u>	<u>(3,291,498)</u>
303,355	0	303,355
230,874	0	230,874
99,483	0	99,483
98,468	0	98,468
1,683,633	0	1,683,633
187,318	0	187,318
276,620	0	276,620
3,108	3	3,111
<u>275,228</u>	<u>1,456</u>	<u>276,684</u>
3,158,087	1,459	3,159,546
<u>(7,590)</u>	<u>7,590</u>	<u>0</u>
<u>3,150,497</u>	<u>9,049</u>	<u>3,159,546</u>
(121,755)	(10,197)	(131,952)
<u>6,009,840</u>	<u>4,349,665</u>	<u>10,359,505</u>
<u>\$5,888,085</u>	<u>\$4,339,468</u>	<u>\$10,227,553</u>

**City of Campbell, Ohio**

*Balance Sheet*

*Governmental Funds*

*December 31, 2013*

	General	Street Construction, Maintenance and Repair	Clean Ohio	Infrastructure and Equipment	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Equity in Pooled Cash and Cash Equivalents	\$1,170,624	\$63,164	\$1	\$689,892	\$934,250	\$2,857,931
Receivables:						
Property Taxes	457,991	225,000	0	0	270,271	953,262
Income Taxes	1,081,592	0	0	0	120,177	1,201,769
Accounts	0	0	0	0	16,833	16,833
Intergovernmental	125,823	165,101	0	0	82,168	373,092
Interfund Receivable	150,042	0	0	0	0	150,042
Materials and Supplies Inventory	0	6,244	0	0	0	6,244
Restricted Assets:						
Equity in Pooled Cash and Cash Equivalents	17,360	0	0	0	0	17,360
<b>Total Assets</b>	<b>\$3,003,432</b>	<b>\$459,509</b>	<b>\$1</b>	<b>\$689,892</b>	<b>\$1,423,699</b>	<b>\$5,576,533</b>
<b>Liabilities</b>						
Accounts Payable	\$42,104	\$6,382	\$268,529	\$0	\$16,317	\$333,332
Accrued Wages	67,114	6,207	0	0	7,697	81,018
Intergovernmental Payable	66,422	5,375	0	0	6,420	78,217
Interfund Payable	0	0	31,285	7,000	69,663	107,948
Matured Compensated Absences Payable	4,490	0	0	0	0	4,490
Unearned Revenue	15,050	2,713	0	570,853	0	588,616
<b>Total Liabilities</b>	<b>195,180</b>	<b>20,677</b>	<b>299,814</b>	<b>577,853</b>	<b>100,097</b>	<b>1,193,621</b>
<b>Deferred Inflows of Resources</b>						
Property Taxes	315,141	155,106	0	0	185,966	656,213
Unavailable Revenue	1,284,680	188,895	0	0	264,652	1,738,227
<b>Total Deferred Inflows of Resources</b>	<b>1,599,821</b>	<b>344,001</b>	<b>0</b>	<b>0</b>	<b>450,618</b>	<b>2,394,440</b>
<b>Fund Balances</b>						
Nonspendable	17,360	6,244	0	0	0	23,604
Restricted	0	88,587	0	112,039	908,542	1,109,168
Committed	0	0	0	0	2,359	2,359
Assigned	129,790	0	0	0	0	129,790
Unassigned (Deficit)	1,061,281	0	(299,813)	0	(37,917)	723,551
<b>Total Fund Balances (Deficit)</b>	<b>1,208,431</b>	<b>94,831</b>	<b>(299,813)</b>	<b>112,039</b>	<b>872,984</b>	<b>1,988,472</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$3,003,432</b>	<b>\$459,509</b>	<b>\$1</b>	<b>\$689,892</b>	<b>\$1,423,699</b>	<b>\$5,576,533</b>

See accompanying notes to the basic financial statements

**City of Campbell, Ohio**  
*Reconciliation of Total Governmental Fund Balances to  
 Net Position of Governmental Activities  
 December 31, 2013*

<b>Total Governmental Fund Balances</b>	<b>\$1,988,472</b>
 <i>Amounts reported for governmental activities in the    statement of net position are different because</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	2,920,537
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	297,049
Income Taxes	1,160,678
Intergovernmental	<u>280,500</u>
Total	1,738,227
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	(1,757)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Police and Fire Pension Loan	(496,124)
Compensated Absences	<u>(261,270)</u>
Total	<u>(757,394)</u>
<i>Net Position of Governmental Activities</i>	<u><u>\$5,888,085</u></u>

See accompanying notes to the basic financial statements

**City of Campbell, Ohio**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2013*

	General	Street Construction, Maintenance and Repair	Clean Ohio	Infrastructure and Equipment	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>						
Property Taxes	\$291,515	\$160,980	\$0	\$0	\$190,964	\$643,459
Municipal Income Taxes	1,514,580	0	0	0	168,534	1,683,114
Charges for Services	57,125	0	0	0	0	57,125
Fines, Licenses and Permits	412,747	0	0	0	205,644	618,391
Intergovernmental	283,000	338,628	530,194	211,644	648,672	2,012,138
Interest	3,045	6	0	0	57	3,108
Rentals	0	0	0	0	9,665	9,665
Contributions and Donations	0	0	0	0	45	45
Other	89,234	757	0	180,105	5,132	275,228
<i>Total Revenues</i>	<u>2,651,246</u>	<u>500,371</u>	<u>530,194</u>	<u>391,749</u>	<u>1,228,713</u>	<u>5,302,273</u>
<b>Expenditures</b>						
Current:						
General Government	1,112,953	0	0	0	123,212	1,236,165
Security of Persons and Property:						
Police	1,184,509	0	0	0	345,843	1,530,352
Fire	358,305	0	0	0	127,752	486,057
Transportation	0	435,442	0	0	237,910	673,352
Community Environment	0	0	830,007	0	473,835	1,303,842
Leisure Time Activities	0	0	0	0	198,312	198,312
Capital Outlay	0	0	0	340,029	3,396	343,425
Debt Service:						
Principal Retirement	0	0	0	0	13,945	13,945
Interest and Fiscal Charges	0	0	0	0	21,531	21,531
<i>Total Expenditures</i>	<u>2,655,767</u>	<u>435,442</u>	<u>830,007</u>	<u>340,029</u>	<u>1,545,736</u>	<u>5,806,981</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(4,521)	64,929	(299,813)	51,720	(317,023)	(504,708)
<b>Other Financing Uses</b>						
Transfers Out	0	0	0	0	(7,590)	(7,590)
<i>Net Change in Fund Balances</i>	(4,521)	64,929	(299,813)	51,720	(324,613)	(512,298)
<i>Fund Balances Beginning of Year</i>	<u>1,212,952</u>	<u>29,902</u>	<u>0</u>	<u>60,319</u>	<u>1,197,597</u>	<u>2,500,770</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$1,208,431</u>	<u>\$94,831</u>	<u>(\$299,813)</u>	<u>\$112,039</u>	<u>\$872,984</u>	<u>\$1,988,472</u>

See accompanying notes to the basic financial statements



**City of Campbell, Ohio**  
*Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Year Ended December 31, 2013*

---

**Net Change in Fund Balances - Total Governmental Funds** (\$512,298)

*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 capital outlay exceeded depreciation in the current period:

Capital Asset Additions	296,142
Current Year Depreciation	<u>(175,174)</u>

Total	120,968
-------	---------

Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. (14,224)

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

Delinquent Property Taxes	88,721
Income Taxes	187,837
Intergovernmental	<u>(22,403)</u>

Total	254,155
-------	---------

Repayment of long-term obligations is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 13,945

In the statement of activities, interest is accrued on outstanding loans, whereas in governmental funds, an interest expenditure is reported when due. 50

Some expenses, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. 15,649

*Change in Net Position of Governmental Activities* (\$121,755)

See accompanying notes to the basic financial statements

**City of Campbell, Ohio**  
*Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual (Budget Basis)  
General Fund  
For the Year Ended December 31, 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	\$279,141	\$367,700	\$291,515	(\$76,185)
Municipal Income Taxes	970,867	1,278,882	1,572,414	293,532
Charges for Services	120,869	159,215	57,125	(102,090)
Fines, Licenses and Permits	293,261	386,300	429,641	43,341
Intergovernmental	246,464	324,657	282,488	(42,169)
Interest	7,592	10,000	3,045	(6,955)
Other	113,370	149,339	106,034	(43,305)
<i>Total Revenues</i>	<u>2,031,564</u>	<u>2,676,093</u>	<u>2,742,262</u>	<u>66,169</u>
<b>Expenditures</b>				
Current:				
General Government	1,264,365	1,264,365	1,180,361	84,004
Security of Persons and Property:				
Police	1,088,842	1,088,842	1,226,649	(137,807)
Fire	468,408	468,408	383,648	84,760
<i>Total Expenditures</i>	<u>2,821,615</u>	<u>2,821,615</u>	<u>2,790,658</u>	<u>30,957</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(790,051)</u>	<u>(145,522)</u>	<u>(48,396)</u>	<u>97,126</u>
<b>Other Financing Sources (Uses)</b>				
Advances In	28,000	28,000	90,000	62,000
Advances Out	0	0	(140,042)	(140,042)
Transfers Out	(1,000)	(1,000)	0	1,000
<i>Total Other Financing Sources (Uses)</i>	<u>27,000</u>	<u>27,000</u>	<u>(50,042)</u>	<u>(77,042)</u>
<i>Net Change in Fund Balance</i>	<u>(763,051)</u>	<u>(118,522)</u>	<u>(98,438)</u>	<u>20,084</u>
<i>Fund Balance Beginning of Year</i>	1,002,306	1,002,306	1,002,306	0
Prior Year Encumbrances Appropriated	<u>111,271</u>	<u>111,271</u>	<u>111,271</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$350,526</u>	<u>\$995,055</u>	<u>\$1,015,139</u>	<u>\$20,084</u>

See accompanying notes to the basic financial statements

**City of Campbell, Ohio**  
*Statement of Receipts, Disbursements and Changes  
 In Fund Balance - Budget and Actual (Budget Basis)  
 Street Construction, Maintenance and Repair Fund  
 For the Year Ended December 31, 2013*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Property Taxes	\$0	\$155,733	\$160,980	\$5,247
Intergovernmental	298,000	340,414	318,127	(22,287)
Investment Earnings	150	150	6	(144)
Miscellaneous	2,000	2,000	3,786	1,786
<i>Total Revenues</i>	300,150	498,297	482,899	(15,398)
<b>Expenditures</b>				
Current:				
Transportation	313,597	313,597	447,585	(133,988)
<i>Net Change in Fund Balance</i>	(13,447)	184,700	35,314	(149,386)
<i>Fund Balance Beginning of Year</i>	14,539	14,539	14,539	0
Prior Year Encumbrances Appropriated	772	772	772	0
<i>Fund Balance End of Year</i>	<u>\$1,864</u>	<u>\$200,011</u>	<u>\$50,625</u>	<u>(\$149,386)</u>

See accompanying notes to the basic financial statements

**City of Campbell, Ohio**  
*Statement of Receipts, Disbursements and Changes  
 In Fund Balance - Budget and Actual (Budget Basis)  
 Clean Ohio Fund  
 For the Year Ended December 31, 2013*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$1,900,000	\$1,900,000	\$530,194	(\$1,369,806)
<b>Expenditures</b>				
Current:				
Community Environment	1,900,000	1,900,000	561,478	1,338,522
<i>Excess of Revenues Under Expenditures</i>	0	0	(31,284)	(31,284)
<b>Other Financing Sources</b>				
Advances In	0	0	31,285	31,285
<i>Net Change in Fund Balance</i>	0	0	1	1
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$1</u>	<u>\$1</u>

See accompanying notes to the basic financial statements

**City of Campbell, Ohio**  
*Statement of Fund Net Position*  
*Proprietary Funds*  
*December 31, 2013*

	Enterprise		
	Water	Storm Water Management	Total
<b>Assets</b>			
<i>Current Assets:</i>			
Equity in Pooled Cash and Cash Equivalents	\$853,953	\$315,079	\$1,169,032
Accounts Receivable	44,963	0	44,963
Intergovernmental Receivable	0	39,000	39,000
<i>Total Current Assets</i>	<u>898,916</u>	<u>354,079</u>	<u>1,252,995</u>
<i>Noncurrent Assets:</i>			
Nondepreciable Capital Assets	34,280	0	34,280
Depreciable Capital Assets, Net	5,025,621	0	5,025,621
<i>Total Noncurrent Assets</i>	<u>5,059,901</u>	<u>0</u>	<u>5,059,901</u>
<i>Total Assets</i>	<u>5,958,817</u>	<u>354,079</u>	<u>6,312,896</u>
<b>Liabilities</b>			
<i>Current Liabilities:</i>			
Accounts Payable	17,376	13,460	30,836
Accrued Wages	20,191	463	20,654
Intergovernmental Payable	19,443	637	20,080
Interfund Payable	2,094	40,000	42,094
Accrued Interest Payable	38,236	0	38,236
OPWC Loans Payable	45,544	0	45,544
OWDA Loans Payable	114,283	0	114,283
Compensated Absences Payable	3,653	0	3,653
<i>Total Current Liabilities</i>	<u>260,820</u>	<u>54,560</u>	<u>315,380</u>
<i>Long-Term Liabilities (net of current portion):</i>			
OPWC Loans Payable	346,636	0	346,636
OWDA Loans Payable	1,267,522	0	1,267,522
Compensated Absences Payable	43,890	0	43,890
<i>Total Long-Term Liabilities</i>	<u>1,658,048</u>	<u>0</u>	<u>1,658,048</u>
<i>Total Liabilities</i>	<u>1,918,868</u>	<u>54,560</u>	<u>1,973,428</u>
<b>Net Position</b>			
Net Investment in Capital Assets	3,285,916	0	3,285,916
Unrestricted	754,033	299,519	1,053,552
<i>Total Net Position</i>	<u>\$4,039,949</u>	<u>\$299,519</u>	<u>\$4,339,468</u>

See accompanying notes to the basic financial statements

**City of Campbell, Ohio**  
*Statement of Revenues,  
Expenses and Changes in Fund Net Position  
Proprietary Funds  
For the Year Ended December 31, 2013*

	Enterprise		
	Water	Storm Water Management	Total
<b>Operating Revenues</b>			
Charges for Services	\$1,606,244	\$149,109	\$1,755,353
Other Operating Revenues	1,456	0	1,456
<i>Total Operating Revenues</i>	<u>1,607,700</u>	<u>149,109</u>	<u>1,756,809</u>
<b>Operating Expenses</b>			
Personal Services	771,129	18,155	789,284
Materials and Supplies	160,271	0	160,271
Contractual Services	395,458	134,272	529,730
Depreciation	201,397	0	201,397
Other	14,577	39,162	53,739
<i>Total Operating Expenses</i>	<u>1,542,832</u>	<u>191,589</u>	<u>1,734,421</u>
<i>Operating Income (Loss)</i>	<u>64,868</u>	<u>(42,480)</u>	<u>22,388</u>
<b>Non-Operating Revenues (Expenses)</b>			
Interest	0	3	3
Grants	0	39,000	39,000
Interest and Fiscal Charges	(79,178)	0	(79,178)
<i>Total Non-Operating Revenue (Expenses)</i>	<u>(79,178)</u>	<u>39,003</u>	<u>(40,175)</u>
<i>Loss before Transfers</i>	(14,310)	(3,477)	(17,787)
Transfers In	7,590	0	7,590
<i>Change in Net Position</i>	(6,720)	(3,477)	(10,197)
<i>Net Position Beginning of Year</i>	<u>4,046,669</u>	<u>302,996</u>	<u>4,349,665</u>
<i>Net Position End of Year</i>	<u>\$4,039,949</u>	<u>\$299,519</u>	<u>\$4,339,468</u>

See accompanying notes to the basic financial statements

**City of Campbell, Ohio**  
*Statement of Cash Flows*  
*Proprietary Funds*  
For the Year Ended December 31, 2013

	Enterprise		
	Water	Storm Water Management	Total
<b><i>Increase in Cash and Cash Equivalents</i></b>			
<b>Cash Flows from Operating Activities</b>			
Cash Received from Customers	\$1,648,195	\$149,109	\$1,797,304
Other Cash Receipts	1,456	0	1,456
Cash Payments to Employees for Services	(758,162)	(18,452)	(776,614)
Cash Payments for Goods and Services	(553,108)	(120,812)	(673,920)
Other Cash Payments	(14,577)	(39,162)	(53,739)
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>323,804</u>	<u>(29,317)</u>	<u>294,487</u>
<b>Cash Flows from Noncapital Financing Activities</b>			
<b>Financing Activities</b>			
Advances In	2,094	40,000	42,094
Transfers In	7,590	0	7,590
<i>Net Cash Provided by Noncapital Financing Activities</i>	<u>9,684</u>	<u>40,000</u>	<u>49,684</u>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Principal Paid on OWDA Loans	(108,343)	0	(108,343)
Interest Paid on OWDA Loans	(82,141)	0	(82,141)
Principal Paid on OWPC Loans	(45,543)	0	(45,543)
<i>Net Cash Used for Capital and Related Financing Activities</i>	<u>(236,027)</u>	<u>0</u>	<u>(236,027)</u>
<b>Cash Flows from Investing Activities</b>			
Interest on Investments	<u>0</u>	<u>3</u>	<u>3</u>
<i>Net Increase in Cash and Cash Equivalents</i>	97,461	10,686	108,147
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>756,492</u>	<u>304,393</u>	<u>1,060,885</u>
<i>Cash and Cash Equivalents End of Year</i>	<u><u>\$853,953</u></u>	<u><u>\$315,079</u></u>	<u><u>\$1,169,032</u></u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities</b>			
Operating Income (Loss)	<u>\$64,868</u>	<u>(\$42,480)</u>	<u>\$22,388</u>
Adjustments:			
Depreciation	201,397	0	201,397
Decrease in Accounts Receivable	41,951	0	41,951
Increase (Decrease) in Liabilities:			
Accounts Payable	16,602	13,120	29,722
Accrued Wages	3,692	463	4,155
Compensated Absences Payable	2,696	0	2,696
Intergovernmental Payable	(7,402)	(420)	(7,822)
<i>Total Adjustments</i>	<u>258,936</u>	<u>13,163</u>	<u>272,099</u>
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u><u>\$323,804</u></u>	<u><u>(\$29,317)</u></u>	<u><u>\$294,487</u></u>

See accompanying notes to the basic financial statements

**City of Campbell, Ohio**  
*Statement of Fiduciary Assets and Liabilities*  
*Agency Funds*  
*December 31, 2013*

---

---

	<u>Agency</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$731,385
Cash and Cash Equivalents in Segregated Accounts	<u>119,823</u>
<i>Total Assets</i>	<u><u>\$851,208</u></u>
<b>Liabilities</b>	
Due to Others	\$203,192
Due to Other Governments	<u>648,016</u>
<i>Total Liabilities</i>	<u><u>\$851,208</u></u>

See accompanying notes to the basic financial statements



**City of Campbell, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2013*

---

---

**Note 1 – Description of the City and Reporting Entity**

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

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

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

***Reporting Entity***

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the City consists of all funds, departments, boards and agencies that are not legally separate from the City. For the City of Campbell, this includes the agencies and departments that provide the following services: police and fire protection, emergency medical, parks and recreation, street maintenance and municipal court. In addition, the City owns and operates a water treatment and distribution system which is reported as an enterprise fund. The operation of each of these activities is directly controlled by City Council through the budgetary process.

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

The City's management believes these financial statements present all activities for which the City is financially accountable.

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

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

***Basis of Presentation***

The City'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.

**City of Campbell, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2013*

---

---

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

The statement of net position presents the financial condition of the governmental and business-type activities of the City at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental and for the business-type activities of the City. 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 City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program or business activity is self-financing or draws from the general revenues of the City.

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

**Fund Accounting**

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

**Governmental Funds** Governmental funds are those through which most governmental functions 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 City's major governmental funds:

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

**Street Construction, Maintenance and Repair Fund** - The street construction, maintenance and repair fund accounts for and reports property taxes and State gasoline tax and motor vehicle registration fees that are restricted for maintenance of streets within the City.

**Clean Ohio Fund** - The clean Ohio fund accounts for and reports restricted grant monies received from the Ohio Department of Development for the Sherman International Property Redevelopment project.

**City of Campbell, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2013*

---

---

***Infrastructure and Equipment Fund*** - The infrastructure and equipment fund accounts for and reports restricted grant monies received from the Ohio Department of Development and the Ohio Public Works Commission to be expended on various infrastructure projects and to purchase equipment.

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

***Proprietary Funds*** Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. Proprietary funds are classified as either enterprise or internal service. The City has no internal service funds.

***Enterprise Funds*** - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following are the City's major enterprise funds:

***Water Fund*** - The water fund accounts for revenues generated from the charges for distribution of water to the residential and commercial users located within the City. The costs of providing these services are financed primarily through user charges.

***Storm Water Management Fund*** - The storm water management fund accounts for charges for serves for the construction and operation of drainage facilities.

***Fiduciary Funds***

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 City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

The City's fiduciary funds are agency funds. Agency funds are used to account for the sewer amounts collected and paid to Mahoning County and amounts collected by the municipal court that are paid to other governments.

***Measurement Focus***

***Government-wide Financial Statements*** The government-wide financial statements are prepared using a flow of 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 City are included on the Statement of Net Position. The Statement of Activities presents increases (i.e., revenues) and decreases (i.e., 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 a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

**City of Campbell, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2013*

---

---

Like the government-wide statements, all proprietary funds are accounted for on a flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of these funds are included on the statement of fund net position. The statement of revenues, expenses and changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

***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 statement for the proprietary and fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred outflows/inflows of resources, and in the presentation of expenses versus expenditures.

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

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the year in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 8). Revenue from grants, entitlements and donations is recognized in the 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 City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On the 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 year-end: income tax, state-levied locally shared taxes (including gasoline tax and motor vehicle license fees), fines and forfeitures, interest, grants and rentals.

***Unearned Revenue*** Unearned revenue represents amounts under the accrual and modified accrual basis of accounting for which asset recognition criteria have been met, but for which revenue recognition criteria have not yet been met because such amounts have not yet been earned. The City recognizes unearned revenue for the long-term lease of land throughout the City for oil and gas exploration.

***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 represents 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 City, deferred

**City of Campbell, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2013*

---

---

inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2013, but which were levied to finance year 2014 operations. The amounts have been recorded as deferred inflow on both the government-wide statement of net position and the government 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 City, unavailable revenue includes delinquent property taxes, income taxes and grants and entitlements. 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.

***Cash and Cash Equivalents***

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

Various departments within the City have segregated bank accounts for monies held separate from the City's central bank account. These accounts are presented as "cash and cash equivalents in segregated accounts" since they are not required to be deposited with the City Auditor.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2013 amount to \$3,045, of which \$2,131 is assigned from other City funds.

Investments with an original maturity of three months or less at the time of purchase and investments of the cash management pool 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. Inventory consists of expendable supplies held for consumption.

***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, or laws of other governments or imposed by law through constitutional provisions or enabling legislation. Restricted assets in the general fund represent money set aside for unclaimed monies.

***Capital Assets***

General capital assets are capital assets which are associated with and generally arise from governmental activities. They generally result from expenditures in the governmental funds. General capital 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 utilized by the enterprise funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

**City of Campbell, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2013*

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The City was able to estimate the historical cost for the initial reporting of infrastructure by backtrending (i.e., estimating the current replacement cost of the infrastructure 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 City maintains a capitalization threshold of \$5,000 with the exception of land as land was included regardless of cost. 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 or not. Interest incurred during the construction of proprietary fund capital assets is also capitalized.

All capital assets are depreciated except for land. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental and Business-Type Activities Estimated Lives
Land Improvements	15 - 50 years
Buildings	40 years
Machinery and Equipment	5 - 20 years
Vehicles	8 years
Infrastructure	30 - 100 years

The City reports infrastructure consisting of roads, traffic signals and waterlines. Traffic signals and waterlines include assets acquired prior to December 31, 2011. Roads do not include assets acquired prior to December 31, 2011.

***Interfund Balances***

On fund financial statements, outstanding interfund loans and unpaid amounts for interfund services are reported as "interfund receivables/payables." Interfund balances amounts are eliminated in the statement of net position, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances.

***Compensated Absences***

Vacation benefits are accrued as a liability as the benefits are earned if the employee's rights to receive the compensation are attributable to services already rendered and it is probable that the City will compensate the employees for the benefits through paid time off or some other means. The City records a liability for all accumulated unused vacation time when earned for all employees.

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 City has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employee's wage rates at year end, taking into consideration any limits in the City's termination policy. The City records a liability for accumulated unused sick leave for all employees after ten years of service.

The entire compensated absences liability is reported on the governmental-wide financial statements.

**City of Campbell, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2013*

---

---

On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures 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 fund(s) from which employees who have resigned or retired will be paid.

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

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund 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 year. Long-term loans are recognized as a liability on the governmental fund financial statements when due.

***Fund Balance***

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

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

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

Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means the City can be compelled by an external party-such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

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

**City of Campbell, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2013*

---

---

**Assigned** Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. These amounts are assigned by the City Council. In the general fund, assigned amounts represent intended uses established by policies of the Council or a City official delegated that authority by City Charter or ordinance, or by State Statute. State statute authorizes the Finance Director to assign balance for 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 fund balance.

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

***Net 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 borrowing used for the acquisition, construction or improvement of those assets. Net position are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for recycling, court computerization and unclaimed monies.

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

***Operating Revenues and Expenses***

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for water and storm water services. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the fund. Revenues and expenses which do not meet these definitions are reported as non-operating.

***Internal Activity***

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Transfers between governmental activities are eliminated on the government-wide financial statements. Internal events that are allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Interfund payments for services provided and used are not eliminated.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary



**City of Campbell, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2013*

---

---

funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

***Estimates***

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

***Budgetary Process***

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Finance Director. The amounts reported as the original and final budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original and final appropriations were enacted by Council.

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

**Note 3 – Change in Accounting Principles**

For 2013, the City has implemented Governmental Accounting Standard Board (GASB) Statement No. 61, "The Financial Reporting Entity: Omnibus an amendment of GASB 14 and 34." This Statement modifies existing requirements for the assessment of potential component units in determining what should be included in the financial reporting entity and financial reporting entity display and disclosure requirements. The implementation of this statement did not result in any change in the City's financial statements.

**Note 4 - Fund Balances**

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

**City of Campbell, Ohio**  
*Notes to the Basic Financial Statements*  
For The Year Ended December 31, 2013

Fund Balances	General	Street Construction, Maintenance and Repair	Clean Ohio	Infrastructure and Equipment	Other Governmental Funds	Total
<b><i>Nonspendable</i></b>						
Inventory	\$0	\$6,244	\$0	\$0	\$0	\$6,244
Unclaimed Monies	17,360	0	0	0	0	17,360
<b><i>Total Nonspendable</i></b>	<b>17,360</b>	<b>6,244</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>23,604</b>
<b><i>Restricted for</i></b>						
Recreation	0	0	0	0	78,504	78,504
Safety Forces	0	0	0	0	358,063	358,063
Street Maintenance	0	88,587	0	0	214,010	302,597
Recycling	0	0	0	0	39,266	39,266
Enforcement and Educaion	0	0	0	0	184,697	184,697
Community Development	0	0	0	0	33,347	33,347
Capital Improvements	0	0	0	112,039	655	112,694
<b><i>Total Restricted</i></b>	<b>0</b>	<b>88,587</b>	<b>0</b>	<b>112,039</b>	<b>908,542</b>	<b>1,109,168</b>
<b><i>Committed to</i></b>						
Capital Improvements	0	0	0	0	2,359	2,359
<b><i>Assigned to</i></b>						
Purchases on Order	129,790	0	0	0	0	129,790
<b><i>Unassigned (Deficit)</i></b>	<b>1,061,281</b>	<b>0</b>	<b>(299,813)</b>	<b>0</b>	<b>(37,917)</b>	<b>723,551</b>
<b><i>Total Fund Balances (Deficit)</i></b>	<b>\$1,208,431</b>	<b>\$94,831</b>	<b>(\$299,813)</b>	<b>\$112,039</b>	<b>\$872,984</b>	<b>\$1,988,472</b>

**Note 5 – Accountability and Compliance**

***Accountability***

Fund balances at December 31, 2013, included the following individual fund deficits:

<i>Major Fund:</i>	
Clean Ohio	\$299,813
<i>Special Revenue Funds:</i>	
Area on Aging	2,948
Police Pension	2,629
Industrial Light Grant	26,167
Youngstown Metropolitan Housing Authority	6,173

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

**City of Campbell, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2013*

**Compliance**

Contrary to Section 5705.41 (B), Ohio Revised Code, the following funds and departments had expenditures plus encumbrances in excess of appropriations:

Fund/Function	Appropriations	Expenditures Plus Encumbrances	Excess
<b>General Fund</b>			
Security of Persons and Property - Police	\$1,088,842	\$1,226,649	(\$137,807)
<b>Special Revenue Funds</b>			
Street Construction, Maintenance and Repair	313,597	447,585	(133,988)
Park	203,148	267,021	(63,873)

**Note 6 - Budgetary Basis of Accounting**

While 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 Balances - Budget (Non-GAAP Basis) and Actual for the general and major special revenue funds are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the 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 of fund balance (GAAP).
4. Advances-in and Advances-out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).

The following table summarized the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund and major special revenue funds:

	Net Change in Fund Balances		
	General	Street Construction, Maintenance and Repair	Clean Ohio
GAAP Basis	(\$4,521)	\$64,929	(\$299,813)
Net Adjustment for Revenue Accruals	91,016	(17,472)	0
Net Adjustment for Expenditures Accruals	37,954	396	268,529
Advance In	90,000	0	31,285
Advance Out	(140,042)	0	0
Encumbrances	(172,845)	(12,539)	0
Budget Basis	<u>(\$98,438)</u>	<u>\$35,314</u>	<u>\$1</u>

**City of Campbell, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2013*

---

---

**Note 7 - Deposits and Investments**

The City has chosen to follow State statutes and classify monies held by the City into three categories.

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

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

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

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

1. United States Treasury 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. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations provided that investments in securities described in this division are made only through eligible institutions;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio;
6. The State Treasurer's investment pool (STAROhio); and
7. Certain commercial paper notes and bankers' acceptances for a period not to exceed one hundred eighty days in an amount not to exceed 25 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

**City of Campbell, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2013*

---

---

The City has passed an ordinance allowing the City to invest any monies not required to be used for a period of six months or more in the following:

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

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

### **Deposits**

***Custodial Credit Risk*** Custodial credit risk for deposits is the risk that, in the event of failure of the counterparty, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$3,961,593 of the City's bank balance of \$5,013,856 was uninsured and uncollateralized. Although the securities were held by the pledging financial institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the FDIC.

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

### **Note 8 - Receivables**

Receivables at December 31, 2013, consisted primarily of municipal income taxes, property and other taxes, intergovernmental receivables arising from entitlements and shared revenues and accounts (billings for utility service).

All receivables, except property and income taxes, are expected to be received within one year. Property and income taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

No allowance for doubtful accounts has been recorded because uncollectible amounts are expected to be insignificant and collected within one year.

**City of Campbell, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2013*

---

---

***Property Taxes***

Property taxes include amounts levied against all real and public utility property located in the City. Property tax revenue received during 2013 for real and public utility property taxes represents collections of 2012 taxes.

2013 real property taxes were levied after October 1, 2013, on the assessed value as of January 1, 2013, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2013 real property taxes are collected in and intended to finance 2013.

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

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2013 public utility property taxes which became a lien December 31, 2011, are levied after October 1, 2013, and are collected in 2014 with real property taxes.

The full tax rate for all City operations for the year ended December 31, 2013, was \$9.70 per \$1,000 of assessed value. The assessed values of real and public utility tangible property upon which 2013 property tax receipts were based are as follows:

Real Property	\$63,117,000
Public Utility Personal Property	<u>2,644,660</u>
Total	<u><u>\$65,761,660</u></u>

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the City. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real and public utility property taxes and outstanding delinquencies which were measurable as of December 31, 2013, and for which there was an enforceable legal claim. In governmental funds, the portion of the receivable not levied to finance 2013 operations is offset to deferred inflows of resources – property taxes. 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.

***Income Taxes***

The City levies and collects an income tax of two and half percent on all income earned within the City as well as on income of residents outside the City. In the latter case, the City allows a credit of 100 percent of the tax paid to another municipality, not to exceed the amount owed. Employers within the City are required to withhold income tax on employee earnings and remit the tax to the City quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually. In 2013, the proceeds were allocated ninety percent to the general fund and ten percent to the park special revenue fund.

**City of Campbell, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2013*

---

---

***Intergovernmental Receivables***

A summary of intergovernmental receivables follows:

	<u>Amounts</u>
<b>Governmental Activities</b>	
Gasoline and Municipal Cents per Gallon	\$119,447
Homestead and Rollback	91,229
Local Government	82,004
Permissive Tax	44,331
Motor Vehicle License Tax	35,747
Commercial Activity Tax	<u>334</u>
Total	<u><u>\$373,092</u></u>

The business-type activities intergovernmental receivable for \$39,000 is for a demolition grant from the Mahoning County Land Bank.

**Note 9 - Compensated Absences**

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Employees earn ten to twenty-five days of vacation per year, depending upon length of service. Earned unused vacation time is paid upon termination of employment. Employees earn sick leave at different rates depending upon length of service and type of employment. Sick leave accrual is continuous, without limit. Upon retirement or death, an employee can be paid for 75 percent up to a maximum of 90 days of accumulated, unused sick leave.

**Note 10 - Contingencies**

***Litigation***

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

***Grants***

The City received financial assistance from federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the City at December 31, 2013.

**City of Campbell, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2013*

**Note 11 - Capital Assets**

Capital asset activity for the year ended December 31, 2013, was as follows:

	Balance 12/31/2012	Additions	Deductions	Balance 12/31/2013
<b>Governmental Activities</b>				
<i>Capital Assets not being Depreciated:</i>				
Land	\$755,800	\$0	\$0	\$755,800
<i>Capital Assets being Depreciated:</i>				
Land Improvements	537,084	178,067	0	715,151
Buildings	1,796,193	0	0	1,796,193
Machinery and Equipment	597,512	0	0	597,512
Vehicles	1,718,366	118,075	(28,807)	1,807,634
Infrastructure	849,086	0	0	849,086
Total Capital Assets being Depreciated	5,498,241	296,142	(28,807)	5,765,576
<i>Less Accumulated Depreciation:</i>				
Land Improvements	(344,250)	(14,303)	0	(358,553)
Buildings	(1,539,062)	(13,925)	0	(1,552,987)
Machinery and Equipment	(476,639)	(14,383)	0	(491,022)
Vehicles	(754,130)	(121,891)	14,583	(861,438)
Infrastructure	(326,167)	(10,672)	0	(336,839)
Total Accumulated Depreciation	(3,440,248)	(175,174) *	14,583	(3,600,839)
Total Capital Assets being Depreciated, Net	2,057,993	120,968	(14,224)	2,164,737
Governmental Activities Capital Assets, Net	\$2,813,793	\$120,968	(\$14,224)	\$2,920,537

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

General Government	\$29,217
Security of Persons and Property	116,125
Transportation	17,359
Leisure Time Activities	12,473
Total Depreciation Expense	<u>\$175,174</u>



**City of Campbell, Ohio**  
*Notes to the Basic Financial Statements*  
For The Year Ended December 31, 2013

	Balance 12/31/2012	Additions	Deductions	Balance 12/31/2013
<b>Business Type Activities:</b>				
<i>Capital Assets not being Depreciated:</i>				
Land	\$34,280	\$0	\$0	\$34,280
<i>Capital Assets being Depreciated:</i>				
Land Improvements	33,962	0	0	33,962
Buildings	3,923,395	0	0	3,923,395
Machinery and Equipment	1,686,698	0	0	1,686,698
Vehicles	29,101	0	0	29,101
Infrastructure	10,200,000	0	0	10,200,000
Total Capital Assets being Depreciated	15,873,156	0	0	15,873,156
<i>Less Accumulated Depreciation:</i>				
Land Improvements	(29,754)	(821)	0	(30,575)
Buildings	(2,918,802)	(47,253)	0	(2,966,055)
Machinery and Equipment	(1,460,850)	(48,049)	0	(1,508,899)
Vehicles	(14,732)	(3,274)	0	(18,006)
Infrastructure	(6,222,000)	(102,000)	0	(6,324,000)
Total Accumulated Depreciation	(10,646,138)	(201,397)	0	(10,847,535)
Total Capital Assets being Depreciated, Net	5,227,018	(201,397)	0	5,025,621
Business Type Activities Capital Assets, Net	\$5,261,298	(\$201,397)	\$0	\$5,059,901

**Note 12 - Risk Management**

The City is exposed to various risks of property and casualty losses, and injuries to employees.

***Property and Liability***

The City belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. York Risk Services Group, Inc. (York), a division of York Insurance Services Group, Inc. York, functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is administered by York. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

The Pool uses reinsurance and excess risk-sharing arrangements to reduce its exposure to loss. These agreements permit recovery of a portion of its claims from reinsurers and a risk-sharing pool; however, they do not discharge the Pool's primary liability for such payments. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, the Pool retains insured risks up to an amount specified in the contracts. (At December 31, 2013, the Pool retained \$350,000 for casualty claims and \$100,000 for property claims). The Board of Directors and York periodically review the financial strength of the Pool and other market conditions to determine the appropriate level of risk the Pool will retain. There has been no significant reduction in coverage from last year.

**City of Campbell, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2013*

---

---

***Financial Position***

PEP's financial statements (for which an independent audit is still ongoing) conform to generally accepted accounting principles, and preliminarily show the following assets, liabilities and net position at December 31, 2013 and 2012:

<u>Casualty and Property Coverage</u>	<u>2013</u>	<u>2012</u>
Assets	\$34,411,883	\$34,389,569
Liabilities	<u>12,760,194</u>	<u>14,208,353</u>
Net Position - Unrestricted	<u>\$21,651,689</u>	<u>\$20,181,216</u>

The casualty coverage assets and net position above include approximately \$11.1 million and \$12.6 million of unpaid claims to be billed to approximately 475 member governments in the future, as of December 31, 2013 and 2012, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. This payable includes subsequent year's contributions due if the City terminates participation, as described in the last paragraph below.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

This was the first year the City was a member of the PEP. The contribution for 2013 was \$77,899.

After completing one year of membership, members may withdraw on each anniversary date of the date they joined PEP, provided they give written notice to PEP 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary contribution. Withdrawing members have no other future obligations to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to withdrawal.

The City also has boiler and machinery insurance coverage in the amount of \$27,274,978 through Wells Fargo Insurance and crime policy insurance coverage in the amount of \$50,000 per employee theft through Cincinnati Insurance.

***Healthcare***

Healthcare is provided through Medical Mutual with single coverage of \$6,612.00 per year, husband and wife coverage of \$14,457.72 per year, parent and child coverage of \$11,333.52 per year and full family coverage of \$20,460.12 per year.

***Workers' Compensation***

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

**City of Campbell, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2013*

**Note 13 – Interfund Transfers and Balances**

***Interfund Transfers***

The transfer to the water fund from the state issue II capital projects fund of \$7,590 was to move the capital projects portion of an OPWC payment into the fund the payment is made from.

***Interfund Balances***

Interfund balances at December 31, 2013, consist of the following:

<b>Interfund Payable</b>	<b>Interfund Receivable</b>
	General
<b>Governmental Funds</b>	
Clean Ohio Fund	\$31,285
Infrastructure and Equipment Fund	7,000
Nonmajor Funds:	
Safety Forces Fund	522
Aging Fund	3,000
Police Pension Fund	2,630
Community Development Fund	16,674
Industrial Light Grant Fund	30,000
Youngstown Metropolitan Housing Authority Fund	16,837
<b>Enterprise Funds</b>	
Water Fund	2,094
Storm Water Management Fund	40,000
Grand Total	\$150,042

These advances were made to cover qualifying expenditures in the various funds which will be reimbursed when the grant monies are received by the City.

**Note 14 - Long-Term Obligations**

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

Debt Issue	Interest Rate	Original Issue	Year of Maturity
<b>Business-Type Activities</b>			
<i>OPWC Loans</i>			
Liberty Sewer Water Tank - 1999	0.00%	\$809,670	2021
Wilson Avenue & 13th Street Sanitary Separation - 2010	0.00%	101,204	2031
<i>OWDA Loans</i>			
Water Treatment Plant - 2000	5.16 - 5.54%	2,421,405	2024

**City of Campbell, Ohio**  
*Notes to the Basic Financial Statements*  
For The Year Ended December 31, 2013

A schedule of changes in long-term obligations of the City during 2013 follows:

	Balance 12/31/12	Additions	Reductions	Balance 12/31/13	Amounts Due in One Year
<b>Governmental Activities</b>					
<i>Other</i>					
Police and Fire Pension	\$510,069	\$0	(\$13,945)	\$496,124	\$14,543
Compensated Absences	276,919	30,842	(46,491)	261,270	69,308
<b>Total Governmental Activities</b>	<b>\$786,988</b>	<b>\$30,842</b>	<b>(\$60,436)</b>	<b>\$757,394</b>	<b>\$83,851</b>
<b>Business-Type Activities</b>					
<i>OPWC Loans</i>					
Liberty Sewer Water Tank	\$344,109	\$0	(\$40,483)	\$303,626	\$40,484
Wilson Avenue and 13th Street Sanitary Separation	93,614	0	(5,060)	88,554	5,060
<b>Total OPWC Loans</b>	<b>437,723</b>	<b>0</b>	<b>(45,543)</b>	<b>392,180</b>	<b>45,544</b>
<i>OWDA Loans</i>					
Water Treatment Plant	1,490,148	0	(108,343)	1,381,805	114,283
<i>Other</i>					
Compensated Absences	44,847	7,178	(4,482)	47,543	3,653
<b>Total Business-Type Activities</b>	<b>\$1,972,718</b>	<b>\$7,178</b>	<b>(\$158,368)</b>	<b>\$1,821,528</b>	<b>\$163,480</b>

The police and fire pension liability will be paid from the general fund. The OWDA and OPWC loans will be paid with user charges from the water enterprise fund. Compensated absences will be paid from the following funds: the general fund, the street construction, maintenance and repair special revenue fund and the water enterprise fund.

The City's overall legal debt margin was \$6,904,974 with an unvoted debt margin of \$3,616,891 at December 31, 2013. Principal and interest requirements to retire long-term obligations outstanding at December 31, 2013, are as follows:

Governmental Activities:

	Police and Fire Pension Liability	
	Principal	Interest
2014	\$14,543	\$20,932
2015	15,168	20,308
2016	15,820	19,656
2017	16,499	18,977
2018	17,208	18,268
2019-2023	97,783	79,598
2024-2028	120,665	56,715
2029-2033	148,903	28,478
2034-2035	49,535	2,086
<b>Total</b>	<b>\$496,124</b>	<b>\$265,018</b>

**City of Campbell, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2013*

Business-Type Activities:

	OWDA Loans		OPWC Loans
	Principal	Interest	
2014	\$114,283	\$76,201	\$45,544
2015	98,261	70,220	45,544
2016	103,705	64,777	45,544
2017	109,450	59,032	45,544
2018	115,513	52,968	45,544
2019-2023	680,952	161,456	126,506
2024-2028	159,641	8,843	25,302
2029-2031	0	0	12,652
Total	\$1,381,805	\$493,497	\$392,180

**Note 15 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

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

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units and 18.1 percent of covered payroll law enforcement and public safety employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10 percent of covered payroll for members in State and local divisions. The Ohio Revised Code authorizes OPERS to calculate employee contribution rates for public safety employees and limits the law enforcement rate to the public safety rate plus an additional percentage not to exceed two percent. For the year ended December 31, 2013, members in state and local divisions contributed 10 percent of covered payroll while public safety and law enforcement members contributed 12.0 percent and 12.6 percent, respectively. Effective January 1, 2014, the member contribution rates law enforcement increased to 13 percent. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan. For 2013, member and employer contribution rates were consistent across all three plans.

**City of Campbell, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2013*

---

---

The City's 2013 contribution rate was 14.0 percent, except for those plan members in law enforcement or public safety, for whom the City's contribution was 18.0 percent of covered payroll. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. For 2013, the portion of employer contribution allocated to health care was 1.00 percent for members in the Traditional Plan and the Combined Plan. Effective January 1, 2014, the portion of employer contributions allocated to health care increased to 2 percent. Employer contribution rates actuarially determined.

The City's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2013, 2012 and 2011 were \$136,647, \$100,371 and \$114,982, respectively. For 2013, 87.83 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2012 and 2011. Contributions to the Member-Directed Plan for 2013 were \$1,899 made by the City and \$1,357 made by plan members.

***Ohio Police and Fire Pension Fund***

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

Funding Policy – Employer and employee contribution rates are set by the Ohio Revised Code. From January 1, 2013, thru July 1, 2013, plan members were required to contribute 10 percent of their annual covered salary. From July 2, 2103, thru December 31, 2013, plan members were required to contribute 10.75 percent of their annual covered salary. Throughout 2013, employers were required to contribute 19.5 percent and 24 percent respectively for police officers and firefighters.

The OP&F Pension Fund is authorized by the Ohio Revised Code to allocate a portion of the employer contributions to retiree health care benefits. For January 1, 2013, thru May 31, 2013, the portion of employer contributions used to fund pension benefits was 14.81 percent of covered payroll for police officers and 19.31 percent of covered payroll for firefighters. For June 1, 2013 thru December 31, 2013, the portion of employer contributions used to fund pension benefits was 16.65 percent of covered payroll for police officers and 21.15 percent of covered payroll for firefighters. The City's contributions to OP&F for police and firefighters pension were \$113,783 and \$45,571 for the year ended December 31, 2013, \$85,885 and \$45,546 for the year ended December 31, 2012, and \$81,197 and \$29,646 for the year ended December 31, 2011, respectively. For 2013, 79.99 percent for police and 80.72 percent for firefighters has been contributed with the balance for both police and firefighters being report as an intergovernmental payable. The full amount has been contributed for 2012 and 2011.

In addition to current contributions, the City pays installments on the accrued liability incurred when the State of Ohio established the statewide pension system for police and fire fighters in 1967. As of December 31, 2013, the unfunded liability of the City was \$496,124 payable in semi-annual payments through the year of 2035. This is an accounting liability of the City which will not vary.

**City of Campbell, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2013*

---

**Note 16 - Postemployment Benefits**

***Ohio Public Employees Retirement System***

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

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

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

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2013, state and local employers contributed at a rate of 14.0 percent of covered payroll, and public safety and law enforcement employers contributed at 18.10 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. For 2013, the portion of employer contributions allocated to health care for members in the Traditional Plan and the Combined Plan was 1.0 percent. Effective January 1, 2014, the portion of employer contributions allocated to healthcare was raised to 2 percent for both plans, as recommended by the OPERS Actuary.

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

The City’s contributions allocated to fund post-employment health care benefits for the years ended December 31, 2013, 2012 and 2011 were \$10,511, \$40,148 and \$45,993, respectively. For 2013, 87.83 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2012 and 2011.

**City of Campbell, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2013*

---

---

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

***Police and Firemen's Disability and Pension Fund***

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

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

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

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164. That report is also available off OP&F's website at [www.op-f.org](http://www.op-f.org).

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

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For January 1, 2013, thru May 31, 2013, the employer contribution allocated to the health care plan was 4.69 percent of covered payroll. For June 1, 2013, thru December 31, 2013, the employer contribution allocated to the health care plan was 2.85 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

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



**City of Campbell, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2013*

---

---

The City's contributions to OP&F which were allocated to fund post-employment health care benefits for police and firefighters were \$25,556 and \$8,039 for the year ended December 31, 2013, \$45,469 and \$17,822 for the year ended December 31, 2012, and \$42,987 and \$11,600 for the year ended December 31, 2011. For 2013, 79.99 percent has been contributed for police and 80.72 percent has been contributed for firefighters with the balance for both police and firefighters being report as an intergovernmental payable. The full amount has been contributed for 2012 and 2011.

**Note 17 – Encumbrances**

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

<b>Governmental Funds</b>		<b>Proprietary Funds</b>	
General	\$172,845	Water	\$23,608
Street Construction, Maintenance and Repair	12,539	Storm Water Management	1,671
Infrastructure and Equipment	21,895		<u>\$25,279</u>
Other Government Funds	81,042		
Total Governemntal Funds	<u>\$288,321</u>		

City of Campbell  
Mahoning County  
Schedule of Federal Awards Expenditures  
For the Year Ending December 31, 2013

Federal Grantor/Pass Through Grantor Number/Program Title	CFDA Number	Federal Expenditures
<b><u>U.S. Department of Homeland Security (DHS)</u></b>		
Direct Program:		
FEMA Assistance to Firefighters Grant	97.044	\$437
<b>Total U.S. Department of Homeland Security</b>		437
<b><u>U.S. Department of Housing and Urban Development</u></b>		
Pass through Ohio Department of Development:		
Community Development Block Grant		
Community Development Block Grant - 2012	14.228	42,300
Community Development Block Grant - CHIP 2011	14.228	77,915
Community Development Block Grant - CHIP 2013	14.228	9,270
Total Community Development Block Grant		129,486
Home Investment Partnerships Program - CHIP 2011	14.239	287,372
<b>Total U.S. Department of Housing and Urban Development</b>		416,858
<b><u>U.S. Department of Transportation</u></b>		
Pass through Ohio Department of Transportation Safe Sidewalks Grant	20.205	207,456
<b>Total U.S. Department of Transportation</b>		207,456
<b>Total Federal Awards</b>		\$624,751

See accompanying Notes to the Schedule of Federal Awards Expenditures

**CITY OF CAMPBELL  
MAHONING COUNTY**

**Notes to the Schedule of Federal Award Expenditures  
For the Year Ended December 31, 2013**

**Note A- Significant Accounting Policies**

The accompanying Schedule of Federal Award Expenditures is a summary of the activity of the City's federal awards programs. The schedule has been prepared on the cash basis of accounting.

**Note B – Matching Requirements**

Certain Federal programs require that the City contribute non-Federal funds (matching) to support the Federally-funded programs. The expenditures of non-Federal matching funds are not included on the Schedule.

Rockefeller Building  
614 W Superior Ave Ste 1242  
Cleveland OH 44113-1306  
Office phone - (216) 575-1630  
Fax - (216) 436-2411

***Charles E. Harris & Associates, Inc.***  
*Certified Public Accountants*

---

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

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

To the City Council:

We have audited, 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, business activities, each major fund, and the aggregate remaining fund information of the City of Campbell, Mahoning County (the City) as of and for the year ended December 31, 2013 and the related notes to the financial statements and have issued our report thereon dated August 28, 2014.

***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the City'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 City'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 City'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 City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, 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 two instances of noncompliance or other matters we must report under *Government Auditing Standards*, which are described in the accompanying schedule of findings as items 2013-01 and 2013-02.

We also noted certain matters that we have reported to management of the City in a separate letter dated August 28, 2014.

***Entity's Response to Findings***

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

***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 City's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



***Charles E. Harris and Associates, Inc.***  
August 28, 2014

Rockefeller Building  
614 W Superior Ave Ste 1242  
Cleveland OH 44113-1306  
Office phone - (216) 575-1630  
Fax - (216) 436-2411

***Charles E. Harris & Associates, Inc.***

*Certified Public Accountants*

---

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

City of Campbell  
351 Tenney Avenue  
Campbell, Ohio 44405

To the City Council:

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

We have audited the City of Campbell's (the City) 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 the City's major federal program for the year ended December 31, 2013. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the City's major federal program.

***Management's Responsibility***

The City'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 City's compliance for the City's major federal program 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 City'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 City's major program. However, our audit does not provide a legal determination of the City's compliance.

***Opinion on each Major Federal Program***

In our opinion, the City complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal programs for the year ended December 31, 2013.

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

The City'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 City'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 City's internal control over compliance.

*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 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 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

***Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133***

We have also audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Campbell (the City) as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our unmodified report thereon dated August 28, 2014. We conducted our audit to opine on the City's basic financial statements. The accompanying schedule of expenditures of federal awards presents additional analysis required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is not a required part of the basic financial statements. The schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records management 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 this 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.

*Charles E. Harris*

**CHARLES E. HARRIS & ASSOCIATES, INC.**

August 28, 2014



**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 SECTION .505**

**CITY OF CAMPBELL  
MAHONING COUNTY  
DECEMBER 31, 2013**

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

(d)(1)(i)	<i>Type of Financial Statement Opinion</i>	Unmodified
(d)(1)(ii)	<i>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</i>	No
(d)(1)(ii)	<i>Were there any other significant deficiencies reported at the financial statement level (GAGAS)?</i>	No
(d)(1)(iii)	<i>Was there any reported material non-compliance at the financial statement level (GAGAS)?</i>	Yes
(d)(1)(iv)	<i>Were there any material internal control weaknesses reported for major federal programs?</i>	No
(d)(1)(iv)	<i>Were there any other significant deficiencies reported for major federal programs?</i>	No
(d)(1)(v)	<i>Type of Major Programs' Compliance Opinion</i>	Unmodified
(d)(1)(vi)	<i>Are there any reportable findings under Section .510</i>	No
(d)(1)(vii)	<i>Major Programs:</i>	Home Investment Partnership Program, CFDA# 14.239 Community Development Block Grant CFDA# 14.228
(d)(1)(viii)	<i>Dollar Threshold: Type A\B Programs</i>	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	<i>Low Risk Auditee?</i>	No

**CITY OF CAMPBELL  
MAHONING COUNTY  
SCHEDULE OF FINDINGS (Continued)  
December 31, 2013**

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
---

**FINDING NUMBER 2013-01 Noncompliance Citation**

Ohio Revised Code Section 5705.41 (D), requires, in part, that no subdivision or taxing unit shall make any contract or order any expenditure unless there is attached thereto a certificate of the Finance Director of the subdivision certifying that the amount required to meet the obligation has been lawfully appropriated for such purposes and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Every contract made without such a certificate shall be void and no warrant shall be issued in payment of any amount due thereon.

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

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

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

Blanket Certificate – Finance Directors may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by an ordinance or resolution adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

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

The City did not properly certify the availability of funds for certain non-payroll expenditures tested. Fifteen of 47 applicable (32%) transactions tested had purchase orders dated after the invoice date. Failure to certify the availability of funds and encumber appropriations could result in overspending and negative cash balances.

**CITY OF CAMPBELL  
MAHONING COUNTY  
SCHEDULE OF FINDINGS (Continued)  
December 31, 2013**

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
---

**FINDING NUMBER 2012-01 Noncompliance Citation (Continued)**

To improve controls over disbursements and to help reduce the possibility of the City's funds exceeding budgetary spending limitations, we recommend the Finance Director certify the availability of funds prior to the commitment for the expenditure of City money. The City should consider the use of "then and now certificates" and blanket purchase orders to assist with complying with this requirement.

Management Response:

The City of Campbell's management will make better use of the availability of the "then and now" certificate as well as "blanket" certificates to facilitate compliance with this requirement.

**FINDING NUMBER 2013-02 Noncompliance Citation**

Ohio Revised Code Section 5705.41 (B) states that no subdivision or taxing authority shall make any expenditure of money unless it has been appropriated unless it has been appropriated as provided in such chapter.

During the year ended December 31, 2013, the following funds' expenditures plus encumbrances exceeded total appropriations at the fund level:

Street Construction, Maintenance and Repair Fund (\$133,988)  
Park Fund (\$63,873)

Also, the General Fund had expenditures plus encumbrances exceed total appropriation at the department level for the amount of (\$137,807).

We recommend that the City better monitor their budgetary process and make appropriations on a regular basis to avoid having expenditures exceed appropriations.

Management Response:

The City of Campbell's management has embarked on a quarterly analysis of reviewing operational personnel expenditures for excessive overtime utilization by department and will adjust said budgets if excesses occur. At the conclusion of the fiscal year, management will amend the certificates accordingly.

<b>3. FINDINGS FOR FEDERAL AWARDS</b>
---------------------------------------

None.

CITY OF CAMPBELL  
MAHONING COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
OMB CIRCULAR A-133 § .315 (b)  
DECEMBER 31, 2013

Finding Number	Finding Summary	Fully Corrected	Not Corrected. Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2012-01	Failure to prepare an accurate Schedule of Federal Awards Expenditures	Yes	Finding no longer valid



# Dave Yost • Auditor of State

**CITY OF CAMPBELL**

**MAHONING COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
OCTOBER 9, 2014**