



Dave Yost • Auditor of State



**CAMPBELL CITY SCHOOL DISTRICT  
MAHONING COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Campbell City School District, Mahoning County, Ohio (the District), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

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

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

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

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

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Campbell City School District, Mahoning County, Ohio, as of June 30, 2015, and the respective changes in financial position thereof and the budgetary comparison for the General fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

As discussed in Note 22 to the basic financial statements, during the year ended June 30, 2015, the District implemented the Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68". We did not modify our opinion regarding these matters.

***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*, the Schedules of the District's Proportionate Share of the Net Pension Liability for School Employees Retirement System of Ohio and State Teachers Retirement System of Ohio, and the Schedules of District Contributions for School Employees Retirement System of Ohio and State Teachers Retirement System of Ohio, listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

*Supplementary Information*

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

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

The schedule is management's responsibility, and derives from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 16, 2016, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive, flowing style.

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

February 16, 2016

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**Campbell City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2015*  
*Unaudited*

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As management of the Campbell City School District (the School District), we offer readers of the School District's financial statements this narrative and analysis of the financial activities of the School District for the fiscal year ended June 30, 2015. We encourage readers to consider the information presented here in conjunction with financial statements and notes to the basic financial statements to enhance their understanding of the School District's financial performance.

### **Financial Highlights**

- Net position increased in fiscal year 2015 due mainly to an increase in cash and cash equivalents and intergovernmental receivables resulting from a rise in State Foundation monies and grants as well as to a decrease in long-term obligations resulting from the continued pay-down of long-term debt, a drop in compensated absences payable and a reduction in the net pension liability. The increase in net position was partially offset by a decrease in capital assets resulting from annual depreciation outpacing current year additions.
- The School District implemented GASB 68 and GASB 71, which establish standards for measuring and recognizing pension liabilities, deferred outflows/inflows of resources and expense/expenditure. The implementation of these GASB statements resulted in a significant change to the financial statements for the School District.
- Capital asset additions included building and improvements relating to energy conservation improvements to building lighting, interior doors and controls as well as the installation of a diesel tank at the bus garage.
- Program expenses decreased in fiscal year 2015 due to a drop in purchased services as well as to a reduction in salaries resulting from a decrease in certified and classified staff.

### **Overview of the Financial Statements**

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

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

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

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

**Campbell City School District**  
*Management's Discussion and Analysis*  
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*Unaudited*

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

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

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

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

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

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

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Table 1 provides a comparison of the School District's net position for 2015 compared to 2014.

**Campbell City School District**  
*Management's Discussion and Analysis*  
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*Unaudited*

**Table 1**  
 Net Position  
 Governmental Activities

	2015	2014	Change
<b>Assets</b>			
Current and Other Assets	\$6,403,952	\$5,328,515	\$1,075,437
Capital Assets, Net	30,341,922	30,830,602	(488,680)
<b>Total Assets</b>	<b>36,745,874</b>	<b>36,159,117</b>	<b>586,757</b>
<b>Deferred Outflows of Resources</b>	<b>1,282,134</b>	<b>1,078,083</b>	<b>204,051</b>
<b>Liabilities</b>			
Current Liabilities	2,099,544	1,968,329	(131,215)
Long-Term Liabilities			
Due Within One Year	554,267	491,277	(62,990)
Due in More Than One Year:			
Net Pension Liability	18,027,861	21,410,754	3,382,893
Other Amounts	3,681,709	4,171,823	490,114
<b>Total Liabilities</b>	<b>24,363,381</b>	<b>28,042,183</b>	<b>3,678,802</b>
<b>Deferred Inflows of Resources</b>			
Property Taxes	2,133,637	2,067,368	(66,269)
Pension	3,245,544	0	(3,245,544)
<b>Total Deferred Inflows of Resources</b>	<b>5,379,181</b>	<b>2,067,368</b>	<b>(3,311,813)</b>
<b>Net Position</b>			
Net Investment in Capital Assets	26,851,253	27,668,808	(817,555)
Restricted for:			
Capital Projects	95,351	196,178	(100,827)
Debt Service	328,679	328,885	(206)
Set Asides	0	80,192	(80,192)
Other Purposes	817,058	609,710	207,348
Unrestricted (Deficit)	(19,806,895)	(21,756,124)	1,949,229
<b>Total Net Position</b>	<b>\$8,285,446</b>	<b>\$7,127,649</b>	<b>\$1,157,797</b>

During 2015, the School District adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27," which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School District's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

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Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability*. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the new standards required by GASB 68, the net pension liability equals the School District's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service
2. Minus plan assets available to pay these benefits

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School District is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

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In accordance with GASB 68, the School District's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's *change* in net pension liability not accounted for as deferred inflows/outflows.

As a result of implementing GASB 68, the School District is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting. This implementation along with a \$48,365 restatement adjustment to beginning net depreciable assets had the effect of restating net position at June 30, 2014, from \$27,411,955 to \$7,127,649.

Current assets increased due mainly to an increase in cash and cash equivalents resulting from higher foundation revenues. The decrease in capital assets was due to current year depreciation outpacing current year additions.

Current liabilities increased during fiscal year 2015 due to an increase in accounts payable as well as to an increase in matured compensated absences payable resulting from greater number of employees retiring at year end. Long-term liabilities decreased due to a drop in compensated absences payable as well as to a decrease in debt obligations resulting from annual debt payments on general obligation bonds and capital leases.

Table 2 shows the changes in net position for fiscal year 2015 compared to 2014.

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

	2015	2014	Change
<b>Program Revenues</b>			
Charges for Services and Sales	\$187,393	\$179,569	\$7,824
Operating Grants and Contributions	3,161,798	3,230,630	(68,832)
<i>Total Program Revenues</i>	<u>3,349,191</u>	<u>3,410,199</u>	<u>(61,008)</u>
<b>General Revenues</b>			
Property Taxes	2,147,643	2,145,155	2,488
Grants and Entitlements	11,718,203	10,204,151	1,514,052
Unrestricted Contributions	17,199	24,488	(7,289)
Investment Earnings	604	31	573
Miscellaneous	57,815	28,391	29,424
<i>Total General Revenues</i>	<u>13,941,464</u>	<u>12,402,216</u>	<u>1,539,248</u>
<i>Total Revenues</i>	<u>\$17,290,655</u>	<u>\$15,812,415</u>	<u>\$1,478,240</u>

(continued)

**Campbell City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2015*  
*Unaudited*

**Table 2**  
 Changes in Net Position (continued)  
 Governmental Activities

	2015	2014	Change
<b>Program Expenses</b>			
Instruction:			
Regular	\$7,071,599	\$7,236,304	\$164,705
Special	2,577,111	2,760,661	183,550
Vocational	122,824	163,334	40,510
Student Intervention Services	269,737	307,504	37,767
Support Services			
Pupil	452,935	419,778	(33,157)
Instructional Staff	325,780	270,841	(54,939)
Board of Education	30,676	31,196	520
Administration	1,075,691	1,035,042	(40,649)
Fiscal	375,272	373,687	(1,585)
Business	27,140	0	(27,140)
Operation and Maintenance of Plant	1,910,100	1,967,805	57,705
Pupil Transportation	461,997	510,965	48,968
Central	124,181	170,279	46,098
Operation of Non-Instructional Services	1,600	14,085	12,485
Operation of Food Services	604,375	641,312	36,937
Extracurricular Activities	509,576	503,047	(6,529)
Interest and Fiscal Charges	192,264	201,993	9,729
<i>Total Program Expenses</i>	<u>16,132,858</u>	<u>16,607,833</u>	<u>474,975</u>
<i>Change in Net Position</i>	1,157,797	(795,418)	1,953,215
Net Position Beginning of Year	<u>7,127,649</u>	N/A	
Net Position End of Year	<u><u>\$8,285,446</u></u>	<u><u>\$7,127,649</u></u>	<u><u>\$1,157,797</u></u>

The information necessary to restate the 2014 beginning balances and the 2014 pension expense amounts for the effects of the initial implementation of GASB 68 is not available. Therefore, 2014 functional expenses still include pension expense of \$1,078,083 computed under GASB 27. GASB 27 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 68, pension expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of pension expense. Under GASB 68, the 2015 statements report pension expense of \$771,586. Consequently, in order to compare 2015 total program expenses to 2014, the following adjustments are needed:

Total 2015 program expenses under GASB 68	\$16,132,858
2015 Pension expense under GASB 68	(771,586)
2015 contractually required contribution	<u>1,112,986</u>
Adjusted 2015 program expenses	16,474,258
Total 2014 program expenses under GASB 27	<u>16,607,833</u>
Decrease in program expenses not related to pension	<u><u>(\$133,575)</u></u>

**Campbell City School District**  
*Management's Discussion and Analysis*  
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*Unaudited*

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

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

Thus school districts dependent upon property taxes are hampered by a lack of revenue growth and must regularly return to the voters to maintain a constant level of service. Property taxes made up 12.42 percent of revenues for governmental activities for Campbell City School District in fiscal years 2015 versus 13.57 percent in fiscal year 2014.

Program expenses not related to pension decreased in fiscal year 2015 due to a drop in purchased service expenditures relating to contracted instructional and legal services as well as to a reduction in salaries resulting from a decrease in certified and classified staff.

The *statement of activities* shows the cost of program services and charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services for 2015 compared to 2014. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

**Campbell City School District**  
*Management's Discussion and Analysis*  
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**Table 3**  
**Total and Net Cost of Program Services**  
**Governmental Activities**

	2015		2014	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
Instruction:				
Regular	\$7,071,599	\$6,892,661	\$7,236,304	\$6,955,860
Special	2,577,111	498,844	2,760,661	712,213
Vocational	122,824	78,047	163,334	104,540
Student Intervention Services	269,737	269,737	307,504	307,504
Support Services:				
Pupil	452,935	425,487	419,778	380,976
Instructional Staff	325,780	324,280	270,841	270,841
Board of Education	30,676	30,676	31,196	31,196
Administration	1,075,691	911,299	1,035,042	877,378
Fiscal	375,272	375,272	373,687	373,687
Business	27,140	27,140	0	0
Operation and Maintenance of Plant	1,910,100	1,826,008	1,967,805	1,886,374
Pupil Transportation	461,997	318,006	510,965	424,026
Central	124,181	124,181	170,279	170,279
Operation of Non-Instructional Services	1,600	0	14,085	11,585
Operation of Food Services	604,375	87,800	641,312	88,261
Extracurricular Activities	509,576	401,965	503,047	400,921
Interest and Fiscal Charges	192,264	192,264	201,993	201,993
Total	<u>\$16,132,858</u>	<u>\$12,783,667</u>	<u>\$16,607,833</u>	<u>\$13,197,634</u>

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

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

**Governmental Funds** Information about the School District's major funds begins with the balance sheet. These funds are accounted for using the modified accrual basis of accounting. The general fund had an increase in fund balance due mainly to an increase in foundation monies.

**General Fund Budgeting Highlights**

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

During the course of fiscal year 2015, the School District amended its general fund budget numerous times. The School District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.



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

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

**Capital Assets and Long-term Obligations**

*Capital Assets*

Table 4 shows fiscal 2015 balances compared to fiscal 2014

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

	2015	2014
Land	\$130,245	\$130,245
Land Improvements	280,456	342,425
Buildings and Improvements	29,255,173	29,488,737
Furniture, Fixtures and Equipment	482,694	640,800
Vehicles	193,354	228,395
Total Capital Assets	\$30,341,922	\$30,830,602

Capital assets decreased during fiscal year 2015 due to an additional year of depreciation. This decrease was partially offset by current year additions to buildings and improvements. For more information about the School District's capital assets, see Note 12 to the basic financial statements.

*Long-term Obligations*

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

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

	2015	2014
General Obligation Bonds	\$2,200,727	\$2,370,942
Net Pension Liability	18,027,861	21,410,754
Capital Leases Payable	1,515,000	1,666,000
Compensated Absences	520,249	626,158
Total	\$22,263,837	\$26,073,854

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The School District implementation of GASB 68 and GASB 71 resulted in both a restatement and a change to the long-term obligations as previously reported. For fiscal year 2015, the net pension liability of the School District was \$18,027,861.

The School District's overall legal debt margin was \$4,895,147 with an unvoted debt margin of \$65,909. For more information about the School District's long-term obligations, see Note 18 to the basic financial statements.

### **School District Outlook**

In Campbell, "A Small City with a Big Heart", we take great pride in our diversity and the success of our schools. Our School District is committed to bringing out the best in each and every child as well as financial responsibility. However, the financial future of the School District is not without challenges. The School District continues to rely heavily upon grants and State funding. Federal Title I and Title VI-B funds greatly impact the general fund balance since any excess costs not covered by grant monies default to the general fund. In addition, it is uncertain as to the extent of the implementation of the Patient Protection and Affordable Care Act (PPACA) will cost the School District in additional funds. The rules and implementation of the PPACA are an ongoing issue we are watching closely to evaluate the effect on our District.

On November 4, 2014, the citizens of Campbell renewed the School District's Emergency Levy in the amount of \$989,711 per year for a five year period. The Mahoning County Auditor's office certified the estimated property tax millage rate to be 14.5 mills.

Through teamwork, dedication and collaboration, we are committed to reaching the potential of our students' individual needs. We will continue to engage our community in creating a shared vision that will guide us in our decisions; decisions which have led to improvements to the instructional offerings beginning in the fiscal 2015 school year. These changes will be mostly "revenue neutral" due to the School District's becoming more efficient with both staffing and scheduling.

We are very proud of the accomplishments of our students and staff and acknowledge we must always continue to work hard in order to provide students the best opportunities for their futures. Together with the involvement of all members of this prideful community, supportive alumni and staff we will accomplish our goals for the children we serve while understanding the necessity to be fiscally responsible.

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

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

# Campbell City School District

## Statement of Net Position

June 30, 2015

	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$2,729,279
Intergovernmental Receivable	549,712
Inventory Held for Resale	6,525
Materials and Supplies Inventory	1,136
Property Taxes Receivable	3,117,300
Nondepreciable Capital Assets	130,245
Depreciable Capital Assets, Net	30,211,677
<i>Total Assets</i>	<u>36,745,874</u>
<b>Deferred Outflows of Resources</b>	
Pension	<u>1,282,134</u>
<b>Liabilities</b>	
Accounts Payable	119,168
Accrued Wages and Benefits	1,394,029
Intergovernmental Payable	310,970
Matured Compensated Absences Payable	179,987
Vacation Benefits Payable	90,551
Accrued Interest Payable	4,839
Long-Term Liabilities:	
Due Within One Year	554,267
Due In More Than One Year:	
Net Pension Liability (See Note 13)	18,027,861
Other Amounts	3,681,709
<i>Total Liabilities</i>	<u>24,363,381</u>
<b>Deferred Inflows of Resources</b>	
Property Taxes	2,133,637
Pension	<u>3,245,544</u>
<i>Total Deferred Inflows of Resources</i>	<u>5,379,181</u>
<b>Net Position</b>	
Net Investment in Capital Assets	26,851,253
Restricted for:	
Capital Projects	95,351
Debt Service	328,679
Other Purposes	817,058
Unrestricted (Deficit)	<u>(19,806,895)</u>
<i>Total Net Position</i>	<u><u>\$8,285,446</u></u>

See accompanying notes to the basic financial statements

**Campbell City School District**  
*Statement of Activities*  
For the Fiscal Year Ended June 30, 2015

	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>				
Instruction:				
Regular	\$7,071,599	\$23,034	\$155,904	(\$6,892,661)
Special	2,577,111	0	2,078,267	(498,844)
Vocational	122,824	0	44,777	(78,047)
Student Intervention Services	269,737	0	0	(269,737)
Support Services:				
Pupil	452,935	0	27,448	(425,487)
Instructional Staff	325,780	0	1,500	(324,280)
Board of Education	30,676	0	0	(30,676)
Administration	1,075,691	0	164,392	(911,299)
Fiscal	375,272	0	0	(375,272)
Business	27,140	0	0	(27,140)
Operation and Maintenance of Plant	1,910,100	9,900	74,192	(1,826,008)
Pupil Transportation	461,997	0	143,991	(318,006)
Central	124,181	0	0	(124,181)
Operation of Non-Instructional Services	1,600	0	1,600	0
Operation of Food Services	604,375	53,031	463,544	(87,800)
Extracurricular Activities	509,576	101,428	6,183	(401,965)
Interest and Fiscal Charges	192,264	0	0	(192,264)
<i>Totals</i>	<u>\$16,132,858</u>	<u>\$187,393</u>	<u>\$3,161,798</u>	<u>(12,783,667)</u>
<b>General Revenues</b>				
Property Taxes Levied for:				
				1,945,746
				176,337
				25,560
Grants and Entitlements not				
				11,718,203
				17,199
				604
				57,815
				<u>13,941,464</u>
				1,157,797
				<u>7,127,649</u>
				<u>\$8,285,446</u>

See accompanying notes to the basic financial statements

**Campbell City School District**

*Balance Sheet*

*Governmental Funds*

*June 30, 2015*

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>			
Equity in Pooled Cash and			
Cash Equivalents	\$1,837,551	\$891,728	\$2,729,279
Intergovernmental Receivable	4,921	544,791	549,712
Interfund Receivable	30,830	0	30,830
Inventory Held for Resale	0	6,525	6,525
Materials and Supplies Inventory	0	1,136	1,136
Property Taxes Receivable	2,833,502	283,798	3,117,300
<i>Total Assets</i>	<u>\$4,706,804</u>	<u>\$1,727,978</u>	<u>\$6,434,782</u>
<b>Liabilities</b>			
Accounts Payable	\$108,836	\$10,332	\$119,168
Accrued Wages and Benefits	1,229,744	164,285	1,394,029
Interfund Payable	0	30,830	30,830
Intergovernmental Payable	303,874	7,096	310,970
Matured Compensated Absences Payable	179,987	0	179,987
<i>Total Liabilities</i>	<u>1,822,441</u>	<u>212,543</u>	<u>2,034,984</u>
<b>Deferred Inflows of Resources</b>			
Property Taxes	1,941,404	192,233	2,133,637
Unavailable Revenue	892,098	344,489	1,236,587
<i>Total Deferred Inflows of Resources</i>	<u>2,833,502</u>	<u>536,722</u>	<u>3,370,224</u>
<b>Fund Balances</b>			
Nonspendable	0	1,136	1,136
Restricted	417	988,329	988,746
Committed	64,140	0	64,140
Unassigned (Deficit)	(13,696)	(10,752)	(24,448)
<i>Total Fund Balances</i>	<u>50,861</u>	<u>978,713</u>	<u>1,029,574</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$4,706,804</u>	<u>\$1,727,978</u>	<u>\$6,434,782</u>

See accompanying notes to the basic financial statements

**Campbell City School District**  
*Reconciliation of Total Governmental Fund Balances to  
 Net Position of Governmental Activities  
 June 30, 2015*

<b>Total Governmental Fund Balances</b>	<b>\$1,029,574</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.	30,341,922
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	983,663
Intergovernmental	<u>252,924</u>
Total	1,236,587
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	(4,839)
Vacation benefits payable is not expected to be paid with expendable available financial resources and therefore is not reported in the funds.	(90,551)
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds.	
Deferred Outflows - Pension	1,282,134
Deferred Inflows - Pension	(3,245,544)
Net Pension Liability	<u>(18,027,861)</u>
Total	(19,991,271)
Long-term liabilities payable are not due and payable in the current period and therefore are not reported in the funds.	
General Obligation Bonds	(2,200,727)
Capital Leases Payable	(1,515,000)
Compensated Absences	<u>(520,249)</u>
Total	<u>(4,235,976)</u>
 <i>Net Position of Governmental Activities</i>	 <u><u>\$8,285,446</u></u>

See accompanying notes to the basic financial statements

**Campbell City School District**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Fiscal Year Ended June 30, 2015*

	General	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>			
Property Taxes	\$1,944,161	\$192,233	\$2,136,394
Intergovernmental	12,983,849	1,936,392	14,920,241
Interest	604	0	604
Tuition and Fees	23,034	0	23,034
Extracurricular Activities	6,660	94,768	101,428
Contributions and Donations	17,199	7,783	24,982
Charges for Services	0	53,031	53,031
Rentals	9,900	0	9,900
Miscellaneous	41,543	16,272	57,815
<i>Total Revenues</i>	<u>15,026,950</u>	<u>2,300,479</u>	<u>17,327,429</u>
<b>Expenditures</b>			
Current:			
Instruction:			
Regular	6,684,412	139,821	6,824,233
Special	1,786,405	736,549	2,522,954
Vocational	145,480	0	145,480
Student Intervention Services	269,737	0	269,737
Support Services:			
Pupil	429,400	22,577	451,977
Instructional Staff	285,631	1,500	287,131
Board of Education	25,783	0	25,783
Administration	884,203	143,144	1,027,347
Fiscal	364,957	5,385	370,342
Business	27,140	0	27,140
Operation and Maintenance of Plant	1,748,226	100,518	1,848,744
Pupil Transportation	401,844	31,703	433,547
Central	120,733	0	120,733
Operation of Non-Instructional Services	0	1,600	1,600
Operation of Food Services	0	494,348	494,348
Extracurricular Activities	236,247	100,848	337,095
Capital Outlay	0	704,601	704,601
Debt Service:			
Principal Retirement	151,000	93,763	244,763
Interest and Fiscal Charges	79,165	58,363	137,528
Capital Appreciation Bond Accretion	0	131,237	131,237
<i>Total Expenditures</i>	<u>13,640,363</u>	<u>2,765,957</u>	<u>16,406,320</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,386,587</u>	<u>(465,478)</u>	<u>921,109</u>
<b>Other Financing Sources (Uses)</b>			
Transfers In	0	53,089	53,089
Transfers Out	(53,089)	0	(53,089)
<i>Total Other Financing Sources (Uses)</i>	<u>(53,089)</u>	<u>53,089</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	1,333,498	(412,389)	921,109
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>(1,282,637)</u>	<u>1,391,102</u>	<u>108,465</u>
<i>Fund Balances End of Year</i>	<u>\$50,861</u>	<u>\$978,713</u>	<u>\$1,029,574</u>

See accompanying notes to the basic financial statements

**Campbell City School District**  
*Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Fiscal Year Ended June 30, 2015*

**Net Change in Fund Balances - Total Governmental Funds** \$921,109

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities,  
the cost of those assets is allocated over their estimated useful lives as depreciation expense.  
This is the amount by which depreciation exceeded capital outlay in the current period.

Capital Asset Additions	562,842	
Current Year Depreciation	(1,051,522)	
Total		(488,680)

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

Delinquent Property Taxes	11,249	
Intergovernmental	(48,023)	
Total		(36,774)

Repayment of bond and capital lease principal is an expenditure in the governmental funds,  
but the repayment reduces long-term liabilities in the statement of net position. 376,000

Contractual required contributions are reported as expenditures in governmental funds;  
however, the statement of net position reports these amounts as deferred outflows. 1,112,986

Except for amounts reported as deferred inflows/outflows, changes in net pension liability  
are reported as pension expense in the statement of activities. (771,586)

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

Accrued Interest on Bonds	49	
Bond Accretion	(70,115)	
Amortization of Premium on Bonds	15,330	
Total		(54,736)

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

Compensated Absences	105,909	
Vacation Benefits Payable	(6,431)	
Total		99,478

*Change in Net Position of Governmental Activities* \$1,157,797

See accompanying notes to the basic financial statements



**Campbell City School District**  
*Statement of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund*  
*For the Fiscal Year Ended June 30, 2015*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Property Taxes	\$1,847,529	\$1,944,161	\$1,944,161	\$0
Intergovernmental	12,364,709	13,009,266	13,009,266	0
Interest	475	500	500	0
Tuition and Fees	21,889	23,034	23,034	0
Contributions and Donations	14,306	15,055	15,055	0
Rentals	9,408	9,900	9,900	0
Miscellaneous	38,610	42,791	42,791	0
<i>Total Revenues</i>	<u>14,296,926</u>	<u>15,044,707</u>	<u>15,044,707</u>	<u>0</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	6,480,029	6,539,240	6,539,240	0
Special	1,812,547	1,829,124	1,829,124	0
Vocational	147,096	148,441	148,441	0
Student Intervention Services	262,564	264,966	264,966	0
Support Services:				
Pupil	424,542	428,424	428,424	0
Instructional Staff	278,088	280,631	280,631	0
Board of Education	26,063	26,301	26,301	0
Administration	898,042	906,254	906,254	0
Fiscal	360,924	364,225	364,225	0
Business	26,894	27,140	27,140	0
Operation and Maintenance of Plant	1,877,254	1,894,422	1,894,422	0
Pupil Transportation	436,350	440,343	440,343	0
Central	128,660	129,836	129,836	0
Extracurricular Activities	228,373	230,462	230,462	0
Debt Service:				
Principal Retirement	151,000	151,000	151,000	0
Interest and Fiscal Charges	79,165	79,165	79,165	0
<i>Total Expenditures</i>	<u>13,617,591</u>	<u>13,739,974</u>	<u>13,739,974</u>	<u>0</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>679,335</u>	<u>1,304,733</u>	<u>1,304,733</u>	<u>0</u>
<b>Other Financing Sources (Uses)</b>				
Advances In	60,795	60,795	60,795	0
Advances Out	(30,830)	(30,830)	(30,830)	0
Transfers Out	(53,089)	(53,089)	(53,089)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(23,124)</u>	<u>(23,124)</u>	<u>(23,124)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	656,211	1,281,609	1,281,609	0
<i>Fund Balance Beginning of Year</i>	265,294	265,294	265,294	0
Prior Year Encumbrances Appropriated	42,403	42,403	42,403	0
<i>Fund Balance End of Year</i>	<u>\$963,908</u>	<u>\$1,589,306</u>	<u>\$1,589,306</u>	<u>\$0</u>

See accompanying notes to the basic financial statements

**Campbell City School District**  
*Statement of Fiduciary Net Position*  
*Fiduciary Funds*  
*June 30, 2015*

	Private Purpose Trust	
	Endowment	Agency
<b>Assets</b>		
Equity in Pooled Cash and Cash Equivalents	\$38,599	\$48,389
<b>Liabilities</b>		
Due to Students	0	\$48,389
<b>Net Position</b>		
Held in Trust for Scholarships	\$38,599	

See accompanying notes to the basic financial statements

**Campbell City School District**  
*Statement of Changes in Fiduciary Net Position*  
*Fiduciary Fund*  
*For the Fiscal Year Ended June 30, 2015*

	Endowment
<b>Additions</b>	
Interest	\$25
<b>Deductions</b>	
Scholarships Awarded	1,500
<i>Change in Net Position</i>	(1,475)
<i>Net Position Beginning of Year</i>	40,074
<i>Net Position End of Year</i>	\$38,599

See accompanying notes to the basic financial statements

**Campbell City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2015*

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

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

The School District operates under a locally-elected five-member Board form of government and provides educational services as mandated by State and federal agencies. The Board of Education controls the School District's 3 instructional/support facilities staffed by 104 certified employees and 81 classified employees who provide services to 1,145 students and other community members.

***Reporting Entity***

A reporting entity is composed of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the School District consists of all funds, departments, boards and agencies that are not legally separate from the School District. For the School District, this includes the agencies and departments that provide the following services: general operations, food service and student related activities of the School District.

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

The School District is associated with two jointly governed organizations and one shared risk pool. These organizations are the Area Cooperative Computerized Educational Service System Council of Governments, Mahoning County Career and Technical Center, and the Mahoning County School Employees Insurance Consortium. These organizations are presented in Notes 16 and 19 to the basic financial statements.

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

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

***Basis of Presentation***

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

**Campbell City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2015*

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

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

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

**Fund Accounting**

The School District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary. The School District has no proprietary funds.

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

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

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

**Fiduciary Fund Type** Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the School District

**Campbell City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2015*

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under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. The School District's only trust fund is a private purpose trust fund which accounts for college scholarship donations for students. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's agency fund accounts for student activities.

***Measurement Focus***

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

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

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

***Basis of Accounting***

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

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. (See Note 7) Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the

**Campbell City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2015*

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School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

***Deferred Outflows/Inflows of Resources*** In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent 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. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for pension. The deferred outflows of resources related to pension are explained in Note 13.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the School District, deferred inflows of resources include property taxes, pension and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2015, but which were levied to finance fiscal year 2016 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension are reported on the government-wide statement of net position. (See Note 13)

***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.

***Pensions***

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

**Campbell City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2015*

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***Budgetary Data***

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

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

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

***Cash and Cash Equivalents***

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

Following Ohio statutes, the Board of Education has, by resolution, identified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2015 amounted to \$604, of which \$197 was assigned from other School District funds.

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

***Inventory***

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



**Campbell City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2015*

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***Capital Assets***

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

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

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

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	15 - 30 years
Buildings and Improvements	20 - 50 years
Furniture, Fixtures and Equipment	5 - 15 years
Vehicles	8 - 10 years

***Interfund Balances***

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

***Compensated Absences***

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

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

**Campbell City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2015*

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

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

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

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

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

***Internal Activity***

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

***Fund Balance***

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

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

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

***Committed*** The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by the highest level formal action (resolution) of the School District Board of Education. Those committed amounts cannot be used for any other purpose unless the School District Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed

**Campbell City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2015*

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to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

***Assigned*** Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. These amounts are assigned by the School District Board of Education.

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

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

***Net Position***

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

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

***Bond Premium***

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

***Estimates***

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

**Campbell City School District**  
*Notes to the Basic Financial Statements*  
For the Fiscal Year Ended June 30, 2015

**Note 3 – Fund Balances**

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

Fund Balances	General	Other Governmental Funds	Total
<b><i>Nonspendable</i></b>			
Materials and Supplies Inventory	\$0	\$1,136	\$1,136
<b><i>Restricted for</i></b>			
Food Service Operations	0	26,783	26,783
Scholarships	0	9,138	9,138
Community Programs	0	232	232
Classroom Facilities Maintenance	0	406,333	406,333
Athletics	0	23,770	23,770
Non-Public Schools	0	2,413	2,413
Data and Information Systems	0	7,266	7,266
Early Childhood Education	0	13,018	13,018
Early Literacy Reading Programs	0	6,267	6,267
Special Education Programs	0	119,929	119,929
Debt Service Payments	0	273,331	273,331
Capital Improvements	0	99,849	99,849
New Teacher Mentoring	200	0	200
Professional Development	217	0	217
<b><i>Total Restricted</i></b>	<b>417</b>	<b>988,329</b>	<b>988,746</b>
<b><i>Committed to</i></b>			
Educational Service Center Services	6,710	0	6,710
Legal Services	8,392	0	8,392
Nurse Services	17,041	0	17,041
Computer/Technology Purchases	22,092	0	22,092
Other Purposes	9,905	0	9,905
<b><i>Total Committed</i></b>	<b>64,140</b>	<b>0</b>	<b>64,140</b>
<b><i>Unassigned (Deficit)</i></b>	<b>(13,696)</b>	<b>(10,752)</b>	<b>(24,448)</b>
<b><i>Total Fund Balances</i></b>	<b>\$50,861</b>	<b>\$978,713</b>	<b>\$1,029,574</b>

**Campbell City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2015*

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**Note 4 – Fund Deficits**

At June 30, 2015, the reducing class size special revenue fund had a deficit of \$10,752 caused by the recognition of expenditures on a modified accrual basis of accounting which are substantially greater than the expenditures recognized on a cash basis. The general fund is liable for any deficit in the special revenue fund and provides transfers when cash is required, not when accruals occur.

**Note 5 - Budgetary Basis of Accounting**

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

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than as restricted, committed or assigned fund balance (GAAP).
4. Advances In and Advances Out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).
5. Unrecorded cash represents amounts received but not included as revenue on the budgetary statements, but is reported on the operating statements prepared using GAAP.
6. Budgetary revenues and expenditures of the public school support special revenue fund are classified to the general fund for GAAP reporting.

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

Net Change in Fund Balance	
GAAP Basis	\$1,333,498
Revenue Accruals	26,665
Advance In	60,795
Ending Unrecorded Cash	(104)
Expenditure Accruals	135,227
Advance Out	(30,830)
Perspective Difference:	
Public School Support	(2,203)
Encumbrances	(241,439)
Budget Basis	\$1,281,609

**Campbell City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2015*

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**Note 6 - Deposits and Investments**

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

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

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

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

Interim monies may 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 (STAR Ohio);
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.

**Campbell City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2015*

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

**Note 7 - Property Taxes**

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenues received in calendar year 2015 represent the collection of calendar year 2014 taxes. Real property taxes received in calendar year 2015 were levied after April 1, 2014, on the assessed value listed as of January 1, 2014, the lien date. Assessed values for real property are established by State law at thirty-five percent of appraised market value. Real property are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenues received in calendar year 2015 represents collections of calendar year 2014 taxes. Public utility real and tangible personal property taxes received in calendar year 2015 became a lien on December 31, 2013, were levied after April 1, 2014, and are collected in 2015 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The School District receives property taxes from Mahoning County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2015, are available to finance fiscal year 2015 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property and public utility property taxes which are measurable as of June 30, 2015, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources – property taxes.

Due to the timing of tax bills sent by the County, there was no money available as an advance to the School District at June 30, 2015 or June 30, 2014.

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.

**Campbell City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2015*

The assessed values upon which the fiscal year 2015 taxes were collected are:

	2014 Second Half Collections		2015 First Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$62,507,120	94.93%	\$62,526,860	94.87%
Public Utility Personal	3,338,890	5.07	3,382,210	5.13
Total	\$65,846,010	100.00%	\$65,909,070	100.00%
Full Tax Rate per \$1,000 of assessed valuation	\$41.70		\$42.20	

**Note 8 - Receivables**

Receivables at June 30, 2015, consisted of taxes, interfund and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. All receivables except property taxes are expected to be received within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

A summary of the principal items of intergovernmental receivables follows:

Governmental Activities	Amounts
Title I Grant	\$375,750
Title VI-B Grant	125,091
Public Preschool Grant	33,683
Reducing Class Size Grant	10,267
Medicaid Reimbursement	4,355
State Foundation Adjustment	566
Total	\$549,712



**Campbell City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2015*

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**Note 9 - Contingencies**

***Grants***

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, the effect of any disallowed claims on the overall financial position of the School District at June 30, 2015, if applicable, cannot be determined at this time.

***School Foundation***

School District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for the 2014-2015 school year, traditional school districts must comply with minimum hours of instruction, instead of minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the School District, which can extend past the fiscal year end. As of the date of this report, ODE has not finalized the impact of the enrollment adjustments to the June 30, 2015 Foundation funding for the School District, therefore, the financial statement impact is not determinable at this time. ODE and management believe this will result in either a receivable to or a liability of the School District.

***Litigation***

The School District is not party to legal proceedings as of June 30, 2015.

***Lease***

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

**Note 10 - Risk Management**

***Property and Liability***

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2015, the School District contracted with Netherlands Insurance Company for property and liability insurance. The comprehensive commercial insurance coverage limits are \$54,138,247 with a \$1,000 deductible. The business auto coverage limits are \$1,000,000 for liability and \$1,000,000 for uninsured motorists. The School District has liability insurance coverage limits of \$1,000,000 per claim and \$2,000,000 general aggregate.

**Campbell City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2015*

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***Employee Health Benefits***

For fiscal 2015, the School District was a participant in the Mahoning County School Employees Insurance Consortium (the "Consortium") to provide employee health, dental, vision and prescription drug benefits. The Consortium is administered by Medical Mutual.

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

Effective January 1, 2015, the School District provides full-time employees with 89 percent Board paid hospitalization, prescription drug, dental and vision.

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

***Worker's Compensation***

The School District pays the Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

**Note 11 - Other Employee Benefits**

***Compensated Absences***

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

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

***Life Insurance Benefits***

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

**Campbell City School District**  
*Notes to the Basic Financial Statements*  
For the Fiscal Year Ended June 30, 2015

**Note 12 – Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2015, was as follows:

<b>Governmental Activities</b>	Balance 6/30/2014	Additions	Deductions	Balance 6/30/2015
<b><i>Capital Assets not being Depreciated:</i></b>				
Land	\$130,245	\$0	\$0	\$130,245
<b><i>Capital Assets being Depreciated:</i></b>				
Land Improvements	1,179,352	0	0	1,179,352
Buildings and Improvements	38,974,483	562,842	0	39,537,325
Furniture, Fixtures and Equipment	4,791,281	0	0	4,791,281
Vehicles	852,198	0	0	852,198
<b><i>Total Capital Assets being Depreciated</i></b>	<b>45,797,314</b>	<b>562,842</b>	<b>0</b>	<b>46,360,156</b>
<b><i>Less Accumulated Depreciation:</i></b>				
Land Improvements	(836,927)	(61,969)	0	(898,896)
Buildings and Improvements	(9,485,746)	(796,406)	0	(10,282,152)
Furniture, Fixtures and Equipment	(4,150,481)	(158,106)	0	(4,308,587)
Vehicles	(623,803)	(35,041)	0	(658,844)
<b><i>Total Accumulated Depreciation</i></b>	<b>(15,096,957)</b>	<b>(1,051,522) *</b>	<b>0</b>	<b>(16,148,479)</b>
<b><i>Total Assets being Depreciated, Net</i></b>	<b>30,700,357</b>	<b>(488,680)</b>	<b>0</b>	<b>30,211,677</b>
<b><i>Governmental Activities Capital Assets, Net</i></b>	<b>\$30,830,602</b>	<b>(\$488,680)</b>	<b>\$0</b>	<b>\$30,341,922</b>

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

Instruction:	
Regular	\$453,911
Special	85,838
Support Services:	
Instructional Staff	40,032
Board of Education	4,893
Administration	39,408
Fiscal	7,382
Operation and Maintenance of Plant	105,495
Pupil Transportation	32,742
Food Service Operation	109,340
Extracurricular Activities	172,481
<b>Total Depreciation Expense</b>	<b>\$1,051,522</b>

**Campbell City School District**  
*Notes to the Basic Financial Statements*  
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**Note 13 – Defined Benefit Pension Plans**

***Net Pension Liability***

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the School District’s proportionate share of each pension plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan’s fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the School District’s obligation for this liability to annually required payments. The School District cannot control benefit terms or the manner in which pensions are financed; however, the School District does receive the benefit of employees’ services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan’s board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan’s unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting.

***Plan Description - School Employees Retirement System (SERS)***

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

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Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire on or after August 1, 2017
Full Benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

\* Members with 25 years of service credit as of August 1, 2017, will be included in this plan.

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on year of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

One year after an effective benefit date, a benefit recipient is entitled to a three percent cost-of-living adjustment (COLA). This same COLA is added each year to the base benefit amount on the anniversary date of the benefit.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2015, the allocation to pension, death benefits, and Medicare B was 13.18 percent. The remaining 0.82 percent of the 14 percent employer contribution rate was allocated to the Health Care Fund.

The School District’s contractually required contribution to SERS was \$290,029 for fiscal year 2015. Of this amount \$13,126 is reported as an intergovernmental payable.

***Plan Description - State Teachers Retirement System (STRS)***

Plan Description – School District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS’ fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at [www.strsoh.org](http://www.strsoh.org).

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement

**Campbell City School District**  
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benefit. Members are eligible to retire at age 60 with five year of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five year of service on August 1, 2026.

The DC Plan allows members to place all their member contributions and 9.5 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, member contributions are allocated among investment choices by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of services. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50.

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit that apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory maximum employee contribution rate was increased one percent July 1, 2014, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2015, plan members were required to contribute 12 percent of their annual covered salary. The School District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2015 contribution rates were equal to the statutory maximum rates.

The School District's contractually required contribution to STRS was \$822,957 for fiscal year 2015. Of this amount \$142,752 is reported as an intergovernmental payable.

**Campbell City School District**  
*Notes to the Basic Financial Statements*  
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***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$3,950,420	\$14,077,441	\$18,027,861
Proportion of the Net Pension Liability	0.078057%	0.05787598%	
Pension Expense	\$232,617	\$538,969	\$771,586

At June 30, 2015, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$33,622	\$135,526	\$169,148
School District contributions subsequent to the measurement date	<u>290,029</u>	<u>822,957</u>	<u>1,112,986</u>
Total Deferred Outflows of Resources	<u>\$323,651</u>	<u>\$958,483</u>	<u>\$1,282,134</u>
<b>Deferred Inflows of Resources</b>			
Net difference between projected and actual earnings on pension plan investments	<u>\$641,164</u>	<u>\$2,604,380</u>	<u>\$3,245,544</u>

\$1,112,986 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2016	(\$151,801)	(\$617,214)	(\$769,015)
2017	(151,801)	(617,214)	(769,015)
2018	(151,801)	(617,213)	(769,014)
2019	<u>(152,139)</u>	<u>(617,213)</u>	<u>(769,352)</u>
Total	<u>(\$607,542)</u>	<u>(\$2,468,854)</u>	<u>(\$3,076,396)</u>

**Campbell City School District**  
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***Actuarial Assumptions - SERS***

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2014, are presented below:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	4.00 percent to 22 percent
COLA or Ad Hoc COLA	3 percent
Investment Rate of Return	7.75 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

For post-retirement mortality, the table used in evaluating allowances to be paid is the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables are used for the period after disability retirement.

The most recent experience study was completed June 30, 2010.

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:



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<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Cash	1.00 %	0.00 %
US Stocks	22.50	5.00
Non-US Stocks	22.50	5.50
Fixed Income	19.00	1.50
Private Equity	10.00	10.00
Real Assets	10.00	5.00
Multi-Asset Strategies	<u>15.00</u>	7.50
Total	<u>100.00 %</u>	

**Discount Rate** The total pension liability was calculated using the discount rate of 7.75 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.75 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

**Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.75 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75 percent), or one percentage point higher (8.75 percent) than the current rate.

	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
School District's proportionate share of the net pension liability	\$5,636,076	\$3,950,420	\$2,532,638

**Actuarial Assumptions - STRS**

The total pension liability in the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Projected salary increases	2.75 percent at age 70 to 12.25 percent at age 20
Investment Rate of Return	7.75 percent, net of investment expenses
Cost-of-Living Adjustments (COLA)	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA paid on fifth anniversary of retirement date.

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89 and not set back from age 90 and above.

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Actuarial assumptions used in the June 30, 2014, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

The 10 year expected real rate of return on pension plan investments was determined by STRS' investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Domestic Equity	31.00 %	8.00 %
International Equity	26.00	7.85
Alternatives	14.00	8.00
Fixed Income	18.00	3.75
Real Estate	10.00	6.75
Liquidity Reserves	1.00	3.00
 Total	 <u>100.00 %</u>	

**Discount Rate** The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2014. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2014. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2014.

**Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** The following table presents the School District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.75 percent, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.75 percent) or one-percentage-point higher (8.75 percent) than the current rate:

	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
School District's proportionate share of the net pension liability	\$20,153,392	\$14,077,441	\$8,939,232

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*Notes to the Basic Financial Statements*  
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**Note 14 – Postemployment Benefits**

***School Employees Retirement System***

Health Care Plan Description - The School District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 45 purposes, this plan is considered a cost-sharing, multiple-employer, defined benefit other postemployment benefit (OPEB) plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans as well as a prescription drug program. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Health care is financed through a combination of employer contributions and retiree premiums, copays and deductibles on covered health care expenses, investment returns, and any funds received as a result of SERS' participation in Medicare programs. Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2015, 0.82 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For fiscal year 2015, this amount was \$20,450. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2015, the School District's surcharge obligation was \$38,788.

The School District's contributions for health care for the fiscal years ended June 30, 2015, 2014 and 2013 were \$56,832, \$42,055 and \$35,716, respectively. For fiscal year 2015, 95.47 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2014 and 2013.

***State Teachers Retirement System***

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most

**Campbell City School District**  
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recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2015, STRS did not allocate any employer contributions to post-employment health care. The School District's contributions for health care for the fiscal years ended June 30, 2015, 2014 and 2013 were \$0, \$59,133 and \$61,728 respectively. The full amount has been contributed for fiscal years 2015, 2014 and 2013.

**Note 15 - Interfund Transactions**

***Interfund Transfers***

The general fund transferred \$53,089 to the bond retirement debt service fund for the payment of debt obligations.

***Interfund Balances***

The general fund reported an interfund receivable at June 30, 2015 of \$30,830. The other governmental funds had an interfund payable of \$30,830 due to the timing of grant receipts. All advances are expected to be repaid within one year.

**Note 16 - Jointly Governed Organizations**

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

The Area Cooperative Computerized Educational Service System (ACCESS) Council of Governments is a computer network which provides data services to twenty-three school districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. Each of the governments of these schools supports ACCESS based upon a per pupil charge before any e-rate credits, which was \$44.75 for fiscal year 2015. The School District paid \$17,198 to ACCESS during fiscal year 2015. ACCESS is governed by an assembly consisting of the superintendents or other designees of the member school districts. The assembly exercises total control over the operation of ACCESS including budgeting, appropriating, contracting and designating management. The degree of control exercised by any participating school district is limited to its representation on the Board. All of ACCESS revenues are generated from charges for services and State funding. Financial information can be obtained by contacting the Treasurer at the Mahoning County Educational Service Center, who serves as fiscal agent, at 100 Debartolo Place, Youngstown, Ohio 44512.

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

The Mahoning County Career and Technical Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of representatives from the participating school districts' elected boards, which possesses its own budgeting and taxing authority. The degree of control exercised by any participating school district is limited to its representation on the Board. The School District did not contribute any amounts to the Mahoning County Career and Technical Center during fiscal year 2015. To obtain financial information, write to the Treasurer of the Career and Technical Center at 7300 North Palmyra Road, Canfield, Ohio 44406.

**Campbell City School District**  
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**Note 17 – Capital Leases**

In prior years, the School District entered into a capital lease for the construction of a stadium facility. The lease obligation meets the criteria of a capital lease and has been recorded on the government-wide statements. The original amounts capitalized for the capital lease and the book value as of June 30, 2015 follows:

	Amounts
Asset:	
Land Improvements	\$145,171
Buildings and Improvements	2,689,829
Less: Accumulated Depreciation	(687,539)
Current Book Value	\$2,147,461

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

Year ending June 30,	Capital Lease
2016	\$232,732
2017	232,412
2018	231,677
2019	231,504
2020	230,866
2021-2023	687,570
Total Minimum Lease Payments	1,846,761
Less: Amount Representing Interest	(331,761)
Present Value of Minimum Lease Payments	\$1,515,000

**Note 18 - Long-Term Obligations**

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

Debt Issue	Interest Rate	Original Issue	Year of Maturity
2000 OSFC Various Improvement Bonds:			
Capital Appreciation Bonds	10.76%	\$114,000	2013 to 2015
2010 Various Purpose Refunding Bonds:			
Current Interest Serial Bonds	2.90% to 3.70%	1,185,000	2018 to 2023
Capital Appreciation Bonds	18.16%	125,000	2016 to 2017
Current Issue Term Bonds	1.00 % to 1.70%	325,000	2012 to 2015
Energy Conservation Improvement Bonds:			
Current Interest Serial Bonds	1.20% to 1.40%	70,000	2017 to 2018
Capital Appreciation Bonds	38.54%	42,000	2015 to 2016
Current Issue Term Bonds	3.20% to 4.00%	480,000	2019 to 2029

**Campbell City School District**  
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Changes in long-term obligations of the School District during fiscal year 2015 were as follows:

	Principal Outstanding 6/30/14	Additions	Deductions	Principal Outstanding 6/30/15	Amounts Due in One Year
<b>General Obligation Bonds</b>					
2000 OSFC Various Purpose Imp Bonds					
Capital Appreciation Bonds	\$34,103	\$0	(\$34,103)	\$0	\$0
Accretion on Capital Appreciation Bonds	114,309	6,588	(120,897)	0	0
Total 2000 Various Purpose Imp Bonds	<u>148,412</u>	<u>6,588</u>	<u>(155,000)</u>	<u>0</u>	<u>0</u>
2010 Various Purpose Refunding Bonds					
Current Interest Serial Bonds	1,185,000	0	0	1,185,000	0
Capital Appreciation Bonds	125,000	0	0	125,000	68,771
Accretion on Capital Appreciation Bonds	138,133	49,817	0	187,950	116,229
Current Interest Term Bonds	35,000	0	(35,000)	0	0
Premium	116,691	0	(13,864)	102,827	0
Total 2010 Various Purpose Refunding Bonds	<u>1,599,824</u>	<u>49,817</u>	<u>(48,864)</u>	<u>1,600,777</u>	<u>185,000</u>
Energy Conservation Improvement Bonds					
Current Interest Serial Bonds	70,000	0	0	70,000	0
Capital Appreciation Bonds	42,000	0	(24,660)	17,340	17,340
Accretion on Capital Appreciation Bonds	9,570	13,710	(10,340)	12,940	12,940
Current Interest Term Bonds	480,000	0	0	480,000	0
Premium	21,136	0	(1,466)	19,670	0
Total Energy Conservation Improvement Bonds	<u>622,706</u>	<u>13,710</u>	<u>(36,466)</u>	<u>599,950</u>	<u>30,280</u>
<i>Total General Obligation Bonds</i>	<u>2,370,942</u>	<u>70,115</u>	<u>(240,330)</u>	<u>2,200,727</u>	<u>215,280</u>
<b>Other Long-Term Obligations</b>					
Net Pension Liability					
STRS	16,768,955	0	(2,691,514)	14,077,441	0
SERS	4,641,799	0	(691,379)	3,950,420	0
Total Net Pension Liability	<u>21,410,754</u>	<u>0</u>	<u>(3,382,893)</u>	<u>18,027,861</u>	<u>0</u>
Capital Lease Payable	1,666,000	0	(151,000)	1,515,000	159,000
Compensated Absences	626,158	275,682	(381,591)	520,249	179,987
<i>Total Other Long-Term Obligations</i>	<u>23,702,912</u>	<u>275,682</u>	<u>(3,915,484)</u>	<u>20,063,110</u>	<u>338,987</u>
<i>Total Governmental Activities</i>					
Long-Term Liabilities	<u>\$26,073,854</u>	<u>\$345,797</u>	<u>(\$4,155,814)</u>	<u>\$22,263,837</u>	<u>\$554,267</u>

Compensated absences will be paid from the general fund and the food service, public preschool, title VI-B, title I and reducing class size special revenue funds. Capital leases will be paid from the general fund. The School District pays obligations related to employee compensation from the fund benefitting from their service. See Note 13 for additional information related to the net pension liability.

On June 15, 2000, the School District issued \$3,019,000 in voted general obligation bonds which included serial, term and capital appreciation (deep discount) bonds in the amount of \$1,415,000, \$1,490,000 and \$114,000, respectively. The general obligation bonds were issued for the purpose of providing funding for the construction of a new K-8 elementary and middle school building and renovations and additions to the

**Campbell City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2015*

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high school. On March 23, 2010, the full amount of the term bonds and a portion of the serial bonds were retired by the School District through an advance refunding. The serial bonds were fully retired at June 30, 2011. The capital appreciation bonds were fully retired during fiscal year 2015.

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

The serial and capital appreciation bonds remained outstanding at June 30, 2015. The capital appreciation bonds were originally sold at a discount of \$240,000, which is being accreted annually until the point of maturity of the capital appreciation bonds, which is 2016 through 2017.

The maturity amount of outstanding capital appreciation bonds at June 30, 2015 is \$365,000. The accretion recorded for 2015 was \$49,817, for a total outstanding bond liability of \$312,950 at June 30, 2015.

On December 3, 2013, the School District issued \$592,000 in energy conservation improvement bonds for energy improvements to various School District buildings. The energy conservation improvement bonds included serial, term and capital appreciation (deep discount) bonds in the amount of \$70,000, \$480,000 and \$42,000, respectively. The bonds were issued for a fifteen year period with a final maturity at December 1, 2028. The bonds will be repaid from the bond retirement debt service fund.

The serial, term and capital appreciation bonds remained outstanding at June 30, 2015. The capital appreciation bonds were originally sold at a discount of \$42,000, which is being accreted annually until the point of maturity of the capital appreciation bonds, which is 2015 through 2016.

The maturity amount of outstanding capital appreciation bonds at June 30, 2015 is \$35,000. The accretion recorded for 2015 was \$13,710, for a total outstanding bond liability of \$30,280 at June 30, 2015.

The term bonds will be repaid through annual debt service repayments during fiscal years 2019 through 2029. The term bonds maturing on December 1, 2028 are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective principal amounts as follows:

**Campbell City School District**  
*Notes to the Basic Financial Statements*  
For the Fiscal Year Ended June 30, 2015

Fiscal Year	Issue	
	\$240,000	\$240,000
2019	\$35,000	\$0
2020	40,000	0
2021	40,000	0
2022	40,000	0
2023	40,000	0
2025	0	45,000
2026	0	45,000
2027	0	50,000
2028	0	50,000
Total Mandatory Sinking Fund Payments	195,000	190,000
Amount Due at Stated Maturity	45,000	50,000
Total	\$240,000	\$240,000
<i>Stated Maturity</i>	<i>12/1/2023</i>	<i>12/1/2028</i>

The School District's overall debt margin was \$4,895,147 with an unvoted debt margin of \$65,909 at June 30, 2015. Principal and interest requirements to retire general obligation bonds are as follows:

	Serial		Capital Appreciation	
	Principal	Interest	Principal	Interest
2016	\$0	\$39,875	\$68,771	\$116,229
2017	0	39,875	56,229	123,771
2018	180,000	37,265	0	0
2019	190,000	31,710	0	0
2020	195,000	25,450	0	0
2021-2023	620,000	34,357	0	0
Total	\$1,185,000	\$208,532	\$125,000	\$240,000

Energy Conservation Improvement Bonds						
	Term		Serial		Capital Appreciation	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$0	\$17,280	\$0	\$910	\$17,340	\$17,660
2017	0	17,280	35,000	700	0	0
2018	0	17,280	35,000	245	0	0
2019	35,000	16,720	0	0	0	0
2020	40,000	15,520	0	0	0	0
2021-2025	210,000	57,900	0	0	0	0
2026-2029	195,000	15,900	0	0	0	0
Total	\$480,000	\$157,880	\$70,000	\$1,855	\$17,340	\$17,660



**Campbell City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2015*

**Note 19 – Shared Risk Pool**

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

**Note 20 - Set-Aside Calculations**

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

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

	Capital Improvements	Budget Stabilization
Set-Aside Balance as of June 30, 2014	(\$1,291,808)	\$80,192
Current Year Set-aside Requirement	216,527	0
Qualifying Disbursements	(191,791)	(99,111)
Offsets	(283,355)	0
Total	(\$1,550,427)	(\$18,919)
Set-aside Balance Carried Forward to Future Fiscal Years	(\$1,310,000)	\$0
Set-Aside Balance as of June 30, 2015	\$0	\$0

The School District had a negative carryover balance and qualifying disbursements during the fiscal year that reduced the capital acquisition set-asides below zero. The negative balance being carried forward in the capital acquisition set-aside represents the still outstanding balance on the School District's Ohio Schools Facilities Commission bonds.

**Campbell City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2015*

**Note 21 – Encumbrances**

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

General	\$241,439
Other Governmental Funds	<u>66,714</u>
Total	<u><u>\$308,153</u></u>

**Note 22 – Change in Accounting Principle and Restatement of Net Position**

For fiscal year 2015, the School District implemented the Governmental Accounting Standards Board (GASB) Statement No. 68, “Accounting and Financial Reporting for Pensions” and GASB Statement No. 71, “Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68”. GASB 68 established standards for measuring and recognizing pension liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditure.

During fiscal year 2015, it was determined that net depreciable capital assets were understated at June 30, 2014.

The implementation of pronouncement GASB Statement No. 68 as well as the restatement for net depreciable capital assets had the following effect on net position as reported at June 30, 2014:

Net Position June 30, 2014	\$27,411,955
Adjustments:	
Net Pension Liability	(21,410,754)
Deferred Outflow - Payments Subsequent to Measurement Date	1,078,083
Depreciable Capital Assets, Net	<u>48,365</u>
Restated Net Position June 30, 2014	<u><u>\$7,127,649</u></u>

Other than employer contributions subsequent to the measurement date, the School District made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available.

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## Required Supplementary Information

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**Campbell City School District, Ohio**  
*Required Supplementary Information*  
*Schedule of the School District's Proportionate Share of the*  
*Net Pension Liability*  
*School Employees Retirement System of Ohio*  
*Last Two Fiscal Years (1)*

	2014	2013
School District's Proportion of the Net Pension Liability	0.078057%	0.078057%
School District's Proportionate Share of the Net Pension Liability	\$3,950,420	\$4,641,799
School District's Covered-Employee Payroll	\$2,283,221	\$2,290,542
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	173.02%	202.65%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.70%	65.52%

(1) Information prior to 2013 is not available.

Amounts presented as of the School District's measurement date which is the prior fiscal year end.

**Campbell City School District, Ohio**  
*Required Supplementary Information*  
*Schedule of the School District's Proportionate Share of the*  
*Net Pension Liability*  
*State Teachers Retirement System of Ohio*  
*Last Two Fiscal Years (1)*

	2014	2013
School District's Proportion of the Net Pension Liability	0.05787598%	0.05787598%
School District's Proportionate Share of the Net Pension Liability	\$14,077,441	\$16,768,955
School District's Covered-Employee Payroll	\$5,858,686	\$6,172,769
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	240.28%	271.66%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.70%	69.30%

(1) Information prior to 2013 is not available.

Amounts presented as of the School District's measurement date which is the prior fiscal year end.

**Campbell City School District, Ohio**  
*Required Supplementary Information*  
*Schedule of the School District's Contributions*  
*School Employees Retirement System of Ohio*  
*Last Ten Fiscal Years*

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually Required Contribution	\$290,029	\$316,454	\$317,011	\$297,819
Contributions in Relation to the Contractually Required Contribution	<u>(290,029)</u>	<u>(316,454)</u>	<u>(317,011)</u>	<u>(297,819)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered-Employee Payroll	\$2,200,521	\$2,283,221	\$2,290,542	\$2,214,268
Contributions as a Percentage of Covered-Employee Payroll	13.18%	13.86%	13.84%	13.45%

2011	2010	2009	2008	2007	2006
\$264,187	\$277,002	\$191,632	\$195,638	\$208,355	\$181,569
(264,187)	(277,002)	(191,632)	(195,638)	(208,355)	(181,569)
\$0	\$0	\$0	\$0	\$0	\$0
\$2,101,727	\$2,045,806	\$1,947,481	\$1,992,238	\$1,950,890	\$1,716,153
12.57%	13.54%	9.84%	9.82%	10.68%	10.58%

**Campbell City School District, Ohio**  
*Required Supplementary Information*  
*Schedule of the School District's Contributions*  
*State Teachers Retirement System of Ohio*  
*Last Ten Fiscal Years*

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually Required Contribution	\$822,957	\$761,629	\$802,460	\$805,121
Contributions in Relation to the Contractually Required Contribution	<u>(822,957)</u>	<u>(761,629)</u>	<u>(802,460)</u>	<u>(805,121)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered-Employee Payroll	\$5,878,264	\$5,858,686	\$6,172,769	\$6,193,238
Contributions as a Percentage of Covered-Employee Payroll	14.00%	13.00%	13.00%	13.00%



2011	2010	2009	2008	2007	2006
\$854,375	\$848,692	\$831,441	\$808,169	\$761,895	\$757,010
(854,375)	(848,692)	(831,441)	(808,169)	(761,895)	(757,010)
\$0	\$0	\$0	\$0	\$0	\$0
\$6,572,115	\$6,528,400	\$6,395,700	\$6,216,685	\$5,860,731	\$5,823,154
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

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**CAMPBELL CITY SCHOOL DISTRICT  
MAHONING COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2015**

<b>Federal Grantor/ Pass Through Grantor Program Title</b>	<b>Federal CFDA Number</b>	<b>Receipts</b>	<b>Non-Cash Receipts</b>	<b>Expenditures</b>	<b>Non-Cash Expenditures</b>
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>					
<i>Passed Through Ohio Department of Education:</i>					
<i>Nutrition Cluster:</i>					
<i>Non-Cash Assistance (Food Distribution):</i>					
National School Lunch Program	10.555		\$25,898		\$25,898
<i>Cash Assistance:</i>					
National School Breakfast Program	10.553	\$94,908		\$94,908	
National School Lunch Program	10.555	321,552		321,552	
<i>Total Nutrition Cluster</i>		<u>416,460</u>	<u>25,898</u>	<u>416,460</u>	<u>25,898</u>
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>		<b><u>416,460</u></b>	<b><u>25,898</u></b>	<b><u>416,460</u></b>	<b><u>25,898</u></b>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>					
<i>Passed Through Ohio Department of Education:</i>					
<i>Title I, Part A Cluster</i>					
Title I Grants to Local Educational Agencies - 2014	84.010	91,327		133,457	
Title I Grants to Local Educational Agencies - 2015	84.010	472,915		475,039	
<i>Total Title I Grants to Local Educational Agencies</i>		<u>564,242</u>		<u>608,496</u>	
<i>Special Education Cluster (IDEA)</i>					
Special Education Grants to States - 2014	84.027	52,546		56,506	
Special Education Grants to States - 2015	84.027	191,269		199,988	
<i>Total Special Education Grants to States</i>		<u>243,815</u>		<u>256,494</u>	
<i>Improving Teacher Quality State Grants Title II, Part A</i>					
Improving Teacher Quality State Grants - 2014	84.367	0		2,027	
Improving Teacher Quality State Grants - 2015	84.367	88,138		88,740	
<i>Total Improving Teacher Quality State Grants</i>		<u>88,138</u>		<u>90,767</u>	
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>		<b><u>896,195</u></b>		<b><u>955,757</u></b>	
<b>TOTALS</b>		<b><u>\$1,312,655</u></b>	<b><u>\$25,898</u></b>	<b><u>\$1,372,217</u></b>	<b><u>\$25,898</u></b>

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

**CAMPBELL CITY SCHOOL DISTRICT  
MAHONING COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B – CHILD NUTRITION CLUSTER**

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

**NOTE C – FOOD DONATION PROGRAM**

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



# Dave Yost • Auditor of State

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

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

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Campbell City School District, Mahoning County, (the District) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 16, 2016, in which we noted the District implemented Government Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68".

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

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

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

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

***Compliance and Other Matters***

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***Purpose of this Report***

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

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

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

February 16, 2016



# Dave Yost • Auditor of State

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

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

To the Board of Education:

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

We have audited the Campbell City School District's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the Campbell City School District's major federal programs for the year ended June 30, 2015. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal programs.

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

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

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

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

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

### ***Opinion on Each Major Federal Program***

In our opinion, the Campbell City School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2015.

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

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

*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 over 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.



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

February 16, 2016



**CAMPBELL CITY SCHOOL DISTRICT  
MAHONING COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2015**

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

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Title I (CFDA's # 84.010) Title VI-B (CFDA # 84.027)
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

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

None

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None

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# Dave Yost • Auditor of State

**CAMPBELL CITY SCHOOL DISTRICT**

**MAHONING COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MARCH 17, 2016**