

**CITY OF CAMPBELL
MAHONING COUNTY, OHIO**

AUDIT REPORT

**FOR THE YEAR ENDED
DECEMBER 31, 2016**

James G. Zupka, CPA, Inc.
Certified Public Accountants



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the City of Campbell, Mahoning County, prepared by James G. Zupka, CPA, Inc., for the audit period January 1, 2016 through December 31, 2016. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost
Auditor of State

August 23, 2017

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**CITY OF CAMPBELL
MAHONING COUNTY, OHIO
AUDIT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2016**

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor's Report	1-2
Management's Discussion and Analysis	5-14
Basic Financial Statements:	
Statement of Net Position	15
Statement of Activities	16-17
Balance Sheet - Governmental Funds	18
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	19
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	20
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	21
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual -	
General Fund	22
Street Construction, Maintenance, and Repair Fund	23
Statement of Fund Net Position - Proprietary Funds	24
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds	25
Statement of Cash Flows - Proprietary Funds	26-27
Statement of Fiduciary Assets and Liabilities - Agency Funds	28
Notes to the Basic Financial Statements	29-63
Required Supplementary Information:	
Schedule of the City's Proportionate Share of the Net Pension Liability	R2-R3
Schedule of the City's Contributions	R4-R7
Report on Internal Control Over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	64-65
Schedule of Findings and Responses	66-67
Status of Prior Year Findings and Recommendations	68

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JAMES G. ZUPKA, C.P.A., INC.

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INDEPENDENT AUDITOR'S REPORT

To the Members of City Council
City of Campbell
Campbell, Ohio

The Honorable Dave Yost
Auditor of State
State of Ohio

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Campbell, Mahoning County, Ohio, (the City) as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Campbell as of December 31, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof and the budgetary comparison for the General Fund and the Street Construction, Maintenance and Repair Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Schedules of Net Pension Liabilities and Pension Contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2017, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



James G. Zupka, CPA, Inc.
Certified Public Accountants

June 30, 2017

City of Campbell
Management's Discussion and Analysis
For the Year Ended December 31, 2016
Unaudited

The discussion and analysis of the City of Campbell's financial performance provides an overall review of the City's financial activities for the year ended December 31, 2016. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers are encouraged to consider information presented here in conjunction with the additional information contained in the basic financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

Financial highlights for 2016 are as follows:

- The City of Campbell utilized the services of the Regional Income Tax Agency (R.I.T.A.) during 2016. R.I.T.A. has administered and collected the City's income taxes since January 1, 2005. As a result, income tax collections for the City's general fund are remaining consistent with the prior year; due in part to accelerated collections of delinquencies, collecting from prior non-filers, and enforcing payment of quarterly estimated taxes by individuals.
- Total governmental capital assets decreased due to an additional year of depreciation expense which was slightly offset by the purchase of two vehicles and the capital lease of a tractor. The business-type activities capital assets increased due to additions to construction in progress and the capital lease of a street sweeper which was slightly offset an additional year of depreciation expense.
- The City complies with 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 presentation of the City.
- Major Grants: The major grants received by the City are the Clean Ohio Revitalization Fund, CDBG, CHIP and Small Cities Formula Allocation Grants.

Using this Annual Financial Report

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

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

Reporting on the City of Campbell as a Whole

While this document contains the large number of funds used by the City to provide programs and activities, the view of the City as a whole looks at all financial transactions and asks the question, "How did we do financially during 2016?" The Statement of Net Position and the Statement of Activities answer this question.

City of Campbell
Management's Discussion and Analysis
For the Year Ended December 31, 2016
Unaudited

These statements include all *assets* and *deferred outflows of resources* and *liabilities* and *deferred inflows of resources* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

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

Reporting on the Most Significant Funds of the City of Campbell

Fund Financial Statements A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objective. The City, like other State and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

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

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

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

City of Campbell
Management's Discussion and Analysis
For the Year Ended December 31, 2016
Unaudited

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

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

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

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

The City of Campbell as a Whole

The Statement of Net Position provides an overall view of the City. Table 1 shows a summary of the City's net position for 2016 as they compare to 2015.

(Table 1)
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Assets						
Current and Other Assets	\$5,634,547	\$5,416,689	\$1,240,719	\$1,339,499	6,875,266	\$6,756,188
Capital Assets, Net	2,540,368	2,614,915	5,237,110	4,817,096	7,777,478	7,432,011
<i>Total Assets</i>	<u>8,174,915</u>	<u>8,031,604</u>	<u>6,477,829</u>	<u>6,156,595</u>	<u>14,652,744</u>	<u>14,188,199</u>
Deferred Outflows of Resources						
Pension	1,112,691	423,331	306,616	97,716	1,419,307	521,047
Liabilities						
Current Liabilities	359,420	352,300	104,876	60,504	464,296	412,804
Long-term Liabilities						
Due within one Year	144,835	123,150	187,077	155,543	331,912	278,693
Due in More than one Year						
Net Pension Liability	4,057,108	3,090,238	792,660	550,407	4,849,768	3,640,645
Other Amounts	744,826	684,668	1,315,198	1,342,634	2,060,024	2,027,302
<i>Total Liabilities</i>	<u>\$5,306,189</u>	<u>\$4,250,356</u>	<u>\$2,399,811</u>	<u>\$2,109,088</u>	<u>\$7,706,000</u>	<u>\$6,359,444</u>

City of Campbell
Management's Discussion and Analysis
For the Year Ended December 31, 2016
Unaudited

(Table 1)
Net Position (continued)

	Governmental Activites		Business-Type Activites		Total	
	2016	2015	2016	2015	2016	2015
Deferred Inflows of Resources						
Property Taxes	\$835,914	\$834,837	\$0	\$0	\$835,914	\$834,837
Pension	23,969	9,290	15,316	9,669	39,285	18,959
<i>Total Deferred Inflows of Resources</i>	<u>859,883</u>	<u>844,127</u>	<u>15,316</u>	<u>9,669</u>	<u>875,199</u>	<u>853,796</u>
Net Position						
Net Investment in Capital Assets	2,435,806	2,609,201	3,783,380	3,369,514	6,219,186	5,978,715
Restricted for:						
Capital Projects	260,972	184,202	0	0	260,972	184,202
Safety Forces	128,431	108,225	0	0	128,431	108,225
Streets	682,272	808,974	0	0	682,272	808,974
Parks	236,008	153,589	0	0	236,008	153,589
Other Purposes	1,176,947	827,897	0	0	1,176,947	827,897
Unrestricted (Deficit)	<u>(1,798,902)</u>	<u>(1,331,636)</u>	<u>585,938</u>	<u>766,040</u>	<u>(1,212,964)</u>	<u>(565,596)</u>
<i>Total Net Position</i>	<u>\$3,121,534</u>	<u>\$3,360,452</u>	<u>\$4,369,318</u>	<u>\$4,135,554</u>	<u>\$7,490,852</u>	<u>\$7,496,006</u>

The net pension liability (NPL) is the largest single liability reported by the City at December 31, 2016 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City'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.

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.

GASB 68 requires the net pension liability to equal the City'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 City 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

City of Campbell
Management's Discussion and Analysis
For the Year Ended December 31, 2016
Unaudited

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.

In accordance with GASB 68, the City'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.

By comparing assets and deferred outflows of resources and liabilities and deferred inflows of resources, one can see the overall position of the City has decreased slightly from the prior year as evidenced by the decrease in net position for governmental and business-type activities combined.

The decrease in governmental net position can be attributed to expenses outpacing revenues. The significant increase in total deferred outflow of resources in 2016 was due to an increase in the difference between projected and actual earnings on investments related to the City's net pension liability for OPERS. The increase in current and other assets is due to an increase in intergovernmental and income tax receivables. Current liabilities remained relatively consistent with the prior year. The net pension liability increase represents the City's proportionate share of the pension plans' unfunded benefits. As indicated above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability.

The net position for business-type activities increased from 2015. The increase in business-type net position can be attributed to the increase in current and capital assets which was offset by an increase in liabilities. Current assets increased primarily due to an increase in intergovernmental receivables. Liabilities increased due to increases in contracts payable, accrued wages and the net pension liability. These increases were partially offset by another year of debt payments made by the City.

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

In order to further understand what makes up the changes in net position for the current year, the following table gives readers further details regarding the results of activities for the current year. Table 2 shows total revenues, expenses and changes in net position for fiscal years 2016 and 2015.

City of Campbell
Management's Discussion and Analysis
For the Year Ended December 31, 2016
Unaudited

(Table 2)
Changes in Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2016	2015	2016	2015	2016	2014
Program Revenues						
Charges for Services and Assessments	\$725,590	\$906,414	\$2,089,958	\$1,922,804	\$2,815,548	\$2,829,218
Operating Grants and Contributions	1,762,901	1,314,653	0	0	1,762,901	1,314,653
Capital Grants	165,096	2,977	52,558	0	217,654	2,977
<i>Total Program Revenues</i>	<u>2,653,587</u>	<u>2,224,044</u>	<u>2,142,516</u>	<u>1,922,804</u>	<u>4,796,103</u>	<u>4,146,848</u>
General Revenues						
Property Taxes	639,607	649,582	0	0	639,607	649,582
Municipal Income Tax	1,928,778	1,586,343	0	0	1,928,778	1,586,343
Grants and Entitlements not Restricted to Specific Programs	269,474	270,744	0	0	269,474	270,744
Unrestricted Contributions	765	0	0	0	765	0
Interest	7,559	3,535	0	0	7,559	3,535
Other	297,124	502,970	49,162	25,148	346,286	528,118
<i>Total General Revenues</i>	<u>3,143,307</u>	<u>3,013,174</u>	<u>49,162</u>	<u>25,148</u>	<u>3,192,469</u>	<u>3,038,322</u>
<i>Total Revenues</i>	<u>5,796,894</u>	<u>5,237,218</u>	<u>2,191,678</u>	<u>1,947,952</u>	<u>7,988,572</u>	<u>7,185,170</u>
Program Expenses						
General Government	1,698,296	1,616,576	0	0	1,698,296	1,616,576
Security of Persons and Property:						
Police	1,892,412	1,939,881	0	0	1,892,412	1,939,881
Fire	621,373	582,916	0	0	621,373	582,916
Transportation	845,500	387,579	0	0	845,500	387,579
Community Environment	786,578	540,695	0	0	786,578	540,695
Leisure Time Activities	163,390	235,000	0	0	163,390	235,000
Interest and Fiscal Charges	28,263	25,135	0	0	28,263	25,135
Water	0	0	1,793,139	1,641,478	1,793,139	1,641,478
Storm Water Management	0	0	164,775	92,954	164,775	92,954
<i>Total Program Expenses</i>	<u>6,035,812</u>	<u>5,327,782</u>	<u>1,957,914</u>	<u>1,734,432</u>	<u>7,993,726</u>	<u>7,062,214</u>
<i>Change in Net Position</i>	<u>(238,918)</u>	<u>(90,564)</u>	<u>233,764</u>	<u>213,520</u>	<u>(5,154)</u>	<u>122,956</u>
Net Position Beginning of Year	3,360,452	3,451,016	4,135,554	3,922,034	7,496,006	7,373,050
Net Position End of the Year	<u>\$3,121,534</u>	<u>\$3,360,452</u>	<u>\$4,369,318</u>	<u>\$4,135,554</u>	<u>\$7,490,852</u>	<u>\$7,496,006</u>

Governmental Activities

Funding for governmental activities is derived from several sources, the largest of which is the City's municipal income tax. For 2016, annual income tax receipts were more than half of all general revenues at 61 percent. The City's income tax rate is currently 2.5 percent. Residents of the City who work in another community receive a 100 percent credit on income earned outside the City and paid to another municipality.

City of Campbell
Management's Discussion and Analysis
For the Year Ended December 31, 2016
Unaudited

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

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

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

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

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

Business-Type Activities

The City operates two business-type activities, the water treatment and storm water management. These two activities received charges for services of \$1,960,740 from water and \$129,218 from storm water management. The largest sources of revenue for both water and storm water in 2016 were charges for services. Water and storm water management expenses for 2016 amounted to \$1,793,139 and \$164,775, respectively. Payroll and employees benefits are the largest expense for the water fund.

The City's Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year. Information about the City's governmental funds begins with the balance sheet. The funds are accounted for using the modified accrual method of accounting.

City of Campbell
Management's Discussion and Analysis
For the Year Ended December 31, 2016
Unaudited

As of the end of 2016, the City of Campbell's governmental funds reported a positive combined ending fund balance. The City's major governmental funds are the general fund and the street construction, maintenance and repair special revenue fund. Revenues were less than expenditures for the year in the general fund due to decreases in fines, licenses and permits and intergovernmental revenues as well as increases in general government expenses. The assessed values upon which 2016 property tax receipts are based on stayed relatively consistent when compared to the prior year. The street construction, maintenance and repair special revenue fund had an decrease in fund balance due to an increase in street maintenance spending. During the current year, the City purchased a police vehicle and a vehicle for the fire chief.

Proprietary funds are accounted for on an accrual basis.

Enterprise funds are handled in the same manner as governmental funds, with the intent to ensure the strength of these funds. These funds had total operating revenue of \$2,139,120 and total operating expenses of \$1,917,106. If expenses were to exceed revenue and dramatically affect net position, the City has the power to increase revenue through water rate increases.

General Fund Budgeting Highlights

Budgeting for the operations of the City is done as prescribed by Ohio Revised Code. Essentially the budget is the City's appropriations, which is restricted by the amounts of the anticipated revenues certified by the Budget Commission in accordance with Ohio Revised Code. In 2016, actual revenues for the general fund were less than final estimated revenues due to over all revenues coming in lower than expected for the year. City Council's actual expenditures were more than final appropriations in total due to unexpected costs occurring near year end.

The original revenue and expenditure budget is designed to be very conservative requiring additional spending requests to be approved by Council throughout the year.

Capital Assets and Debt Administration

Capital Assets

Total capital assets for the governmental activities, net of accumulated depreciation decreased. This decrease is due to an additional year of accumulated depreciation being taken, which was slightly offset by the purchase of new vehicles for the police department and fire chief and the capital lease of a tractor.

Total capital assets for the business-type activities, net of accumulated depreciation increased due to additions to construction in progress and the capital lease of a street sweeper offset by an additional year of accumulated depreciation being taken. See Note 10 to the basic financial statements for additional information on capital assets.

City of Campbell
Management's Discussion and Analysis
For the Year Ended December 31, 2016
Unaudited

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

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$755,800	\$755,800	\$34,280	\$34,280	\$790,080	\$790,080
Construction in Progress	0	0	435,242	0	435,242	0
Land Improvements	313,689	327,992	927	1,747	314,616	329,739
Buildings	202,147	215,594	815,583	862,836	1,017,730	1,078,430
Machinery and Equipment	75,846	88,059	216,646	241,686	292,492	329,745
Vehicles	712,655	736,567	164,432	4,547	877,087	741,114
Infrastructure	480,231	490,903	3,570,000	3,672,000	4,050,231	4,162,903
Total Capital Assets	\$2,540,368	\$2,614,915	\$5,237,110	\$4,817,096	\$7,777,478	\$7,432,011

Long-term Obligations

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

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

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
OPWC Loans	\$0	\$0	\$232,777	\$278,321	\$232,777	\$278,321
OWDA Loans	0	0	1,065,556	1,169,261	1,065,556	1,169,261
Net Pension Liability	4,057,108	3,090,238	792,660	550,407	4,849,768	3,640,645
Police and Fire Pension Loan	450,593	466,413	0	0	450,593	466,413
Jail Services Liability	34,847	46,847	0	0	34,847	46,847
Capital Leases	104,562	5,714	155,397	0	259,959	5,714
Compensated Absences	299,659	288,844	48,545	50,595	348,204	339,439
Total	\$4,946,769	\$3,898,056	\$2,294,935	\$2,048,584	\$7,241,704	\$5,946,640

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

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

The Jail Services liability is the amount owed to Mahoning County for housing some of the City's prisoners.

In 2016, the City entered into capital lease agreements for a tractor and street sweeper. In prior years, the City entered into a capital lease agreement for a new telephone system.

The City of Campbell's overall legal debt margin was \$6,902,158 on December 31, 2016. For more information about the City's long-term obligations, see Note 13 to the basic financial statements.

City of Campbell
Management's Discussion and Analysis
For the Year Ended December 31, 2016
Unaudited

Current Financial Issues

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

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

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

Contacting the City of Campbell's Financial Management

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

City of Campbell, Ohio

Statement of Net Position

December 31, 2016

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$2,083,708	\$1,127,780	\$3,211,488
Accounts Receivable	27,476	252,214	279,690
Internal Balances	200,000	(200,000)	0
Intergovernmental Receivable	846,986	57,374	904,360
Property Taxes Receivable	1,201,865	0	1,201,865
Income Taxes Receivable	1,228,324	0	1,228,324
Materials and Supplies Inventory	9,179	0	9,179
Prepaid Items	37,009	3,351	40,360
Nondepreciable Capital Assets	755,800	469,522	1,225,322
Depreciable Capital Assets, Net	1,784,568	4,767,588	6,552,156
<i>Total Assets</i>	<u>8,174,915</u>	<u>6,477,829</u>	<u>14,652,744</u>
Deferred Outflow of Resources			
Pension	1,112,691	306,616	1,419,307
Liabilities			
Accounts Payable	5,768	896	6,664
Accrued Wages	33,371	9,867	43,238
Contracts Payable	137,033	62,468	199,501
Intergovernmental Payable	85,086	8,978	94,064
Accrued Interest Payable	2,341	22,667	25,008
Unearned Revenue	95,821	0	95,821
Long-Term Liabilities:			
Due Within One Year	144,835	187,077	331,912
Due In More Than One Year			
Net Pension Liability (See Note 15)	4,057,108	792,660	4,849,768
Other Amounts	744,826	1,315,198	2,060,024
<i>Total Liabilities</i>	<u>5,306,189</u>	<u>2,399,811</u>	<u>7,706,000</u>
Deferred Inflows of Resources			
Property Taxes	835,914	0	835,914
Pension	23,969	15,316	39,285
<i>Total Deferred Inflows of Resources</i>	<u>859,883</u>	<u>15,316</u>	<u>875,199</u>
Net Position			
Net Investment in Capital Assets	2,435,806	3,783,380	6,219,186
Restricted for:			
Capital Projects	260,972	0	260,972
Safety Forces	128,431	0	128,431
Streets	682,272	0	682,272
Parks	236,008	0	236,008
Other Purposes	1,176,947	0	1,176,947
Unrestricted (Deficit)	(1,798,902)	585,938	(1,212,964)
<i>Total Net Position</i>	<u>\$3,121,534</u>	<u>\$4,369,318</u>	<u>\$7,490,852</u>

See accompanying notes to the basic financial statements

City of Campbell, Ohio
Statement of Activities
For the Year Ended December 31, 2016

	Program Revenues			
	Expenses	Charges for Services and Assessments	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	\$1,698,296	\$308,607	\$24,269	\$0
Security of Persons and Property:				
Police	1,892,412	331,159	94,334	0
Fire	621,373	68,182	23,367	0
Transportation	845,500	0	520,703	165,096
Community Environment	786,578	6,208	1,100,228	0
Leisure Time Activities	163,390	11,434	0	0
Interest and Fiscal Charges	28,263	0	0	0
<i>Total Governmental Activities</i>	<u>6,035,812</u>	<u>725,590</u>	<u>1,762,901</u>	<u>165,096</u>
Business-Type Activities:				
Water	1,793,139	1,960,740	0	52,558
Storm Water Management	164,775	129,218	0	0
<i>Total Business-Type Activities</i>	<u>1,957,914</u>	<u>2,089,958</u>	<u>0</u>	<u>52,558</u>
<i>Total</i>	<u><u>\$7,993,726</u></u>	<u><u>\$2,815,548</u></u>	<u><u>\$1,762,901</u></u>	<u><u>\$217,654</u></u>

General Revenues

Property Taxes Levied for:

 General Purposes

 Street

 Police

 Fire

Municipal Income Taxes Levied for:

 General Purposes

 Park

Grants and Entitlements not Restricted
to Specific Programs

Interest

Unrestricted Contributions

Other

Total General Revenues

Change in Net Position

Net Position Beginning of Year

Net Position End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
(\$1,365,420)	\$0	(\$1,365,420)
(1,466,919)	0	(1,466,919)
(529,824)	0	(529,824)
(159,701)	0	(159,701)
319,858	0	319,858
(151,956)	0	(151,956)
(28,263)	0	(28,263)
<u>(3,382,225)</u>	<u>0</u>	<u>(3,382,225)</u>
0	220,159	220,159
0	(35,557)	(35,557)
<u>0</u>	<u>184,602</u>	<u>184,602</u>
<u>(3,382,225)</u>	<u>184,602</u>	<u>(3,197,623)</u>
306,766	0	306,766
154,272	0	154,272
92,413	0	92,413
86,156	0	86,156
1,735,900	0	1,735,900
192,878	0	192,878
269,474	0	269,474
7,559	0	7,559
765	0	765
<u>297,124</u>	<u>49,162</u>	<u>346,286</u>
<u>3,143,307</u>	<u>49,162</u>	<u>3,192,469</u>
(238,918)	233,764	(5,154)
<u>3,360,452</u>	<u>4,135,554</u>	<u>7,496,006</u>
<u>\$3,121,534</u>	<u>\$4,369,318</u>	<u>\$7,490,852</u>

City of Campbell, Ohio

Balance Sheet

Governmental Funds

December 31, 2016

	General	Street Construction, Maintenance and Repair	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$162,135	\$274,212	\$1,630,535	\$2,066,882
Receivables:				
Property Taxes	577,274	283,904	340,687	1,201,865
Income Taxes	1,105,492	0	122,832	1,228,324
Accounts	22,918	0	4,558	27,476
Intergovernmental	147,065	248,036	451,885	846,986
Interfund Receivable	465,626	0	0	465,626
Materials and Supplies Inventory	0	9,179	0	9,179
Prepaid Items	30,576	1,233	5,200	37,009
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	16,826	0	0	16,826
<i>Total Assets</i>	<u>\$2,527,912</u>	<u>\$816,564</u>	<u>\$2,555,697</u>	<u>\$5,900,173</u>
Liabilities				
Accounts Payable	\$5,168	\$0	\$600	\$5,768
Contracts Payable	0	90,972	46,061	137,033
Accrued Wages	28,370	2,861	2,140	33,371
Intergovernmental Payable	29,871	2,267	52,948	85,086
Interfund Payable	0	0	265,626	265,626
Unearned Revenue	2,450	442	92,929	95,821
<i>Total Liabilities</i>	<u>65,859</u>	<u>96,542</u>	<u>460,304</u>	<u>622,705</u>
Deferred Inflows of Resources				
Property Taxes	401,502	197,460	236,952	835,914
Unavailable Revenue	1,268,641	196,872	519,210	1,984,723
<i>Total Deferred Inflows of Resources</i>	<u>1,670,143</u>	<u>394,332</u>	<u>756,162</u>	<u>2,820,637</u>
Fund Balances				
Nonspendable	47,402	10,412	5,200	63,014
Restricted	0	315,278	1,470,853	1,786,131
Committed	0	0	5,336	5,336
Assigned	412,374	0	0	412,374
Unassigned (Deficit)	332,134	0	(142,158)	189,976
<i>Total Fund Balances</i>	<u>791,910</u>	<u>325,690</u>	<u>1,339,231</u>	<u>2,456,831</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$2,527,912</u>	<u>\$816,564</u>	<u>\$2,555,697</u>	<u>\$5,900,173</u>

See accompanying notes to the basic financial statements

City of Campbell, Ohio
*Reconciliation of Total Governmental Fund Balances to
 Net Position of Governmental Activities
 December 31, 2016*

Total Governmental Fund Balances	\$2,456,831
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*Amounts reported for governmental activities in the
 statement of net position are different because*

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	2,540,368
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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	365,951
Municipal Income Taxes	1,117,060
Intergovernmental	<u>501,712</u>

Total	1,984,723
-------	-----------

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	(2,341)
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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	1,112,691
Deferred Inflows - Pension	(23,969)
Net Pension Liability	<u>(4,057,108)</u>

Total	(2,968,386)
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:

Police and Fire Pension Loan	(450,593)
Jail Services Liability	(34,847)
Capital Leases	(104,562)
Compensated Absences	<u>(299,659)</u>

Total	<u>(889,661)</u>
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<i>Net Position of Governmental Activities</i>	<u><u>\$3,121,534</u></u>
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See accompanying notes to the basic financial statements

City of Campbell, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2016

	General	Street Construction, Maintenance and Repair	Other Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	\$294,743	\$148,360	\$178,030	\$621,133
Municipal Income Taxes	1,627,611	0	180,847	1,808,458
Charges for Services	52,461	0	6,208	58,669
Fines, Licenses and Permits	478,135	0	177,352	655,487
Intergovernmental	280,100	426,370	1,381,466	2,087,936
Interest	6,686	340	533	7,559
Rentals	0	0	11,434	11,434
Contributions and Donations	765	0	245	1,010
Other	99,009	757	197,358	297,124
<i>Total Revenues</i>	<u>2,839,510</u>	<u>575,827</u>	<u>2,133,473</u>	<u>5,548,810</u>
Expenditures				
Current:				
General Government	1,326,229	0	62,074	1,388,303
Security of Persons and Property:				
Police	1,427,748	0	232,731	1,660,479
Fire	399,786	0	93,249	493,035
Transportation	0	606,859	194,821	801,680
Community Environment	0	0	785,902	785,902
Leisure Time Activities	0	0	147,643	147,643
Capital Outlay	42,346	37,488	285,122	364,956
Debt Service:				
Principal Retirement	8,667	4,904	20,723	34,294
Interest and Fiscal Charges	1,720	1,096	24,757	27,573
<i>Total Expenditures</i>	<u>3,206,496</u>	<u>650,347</u>	<u>1,847,022</u>	<u>5,703,865</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(366,986)</u>	<u>(74,520)</u>	<u>286,451</u>	<u>(155,055)</u>
Other Financing Sources (Uses)				
Inception of Capital Lease	42,346	37,488	37,488	117,322
<i>Net Change in Fund Balances</i>	(324,640)	(37,032)	323,939	(37,733)
<i>Fund Balances Beginning of Year</i>	<u>1,116,550</u>	<u>362,722</u>	<u>1,015,292</u>	<u>2,494,564</u>
<i>Fund Balances End of Year</i>	<u>\$791,910</u>	<u>\$325,690</u>	<u>\$1,339,231</u>	<u>\$2,456,831</u>

See accompanying notes to the basic financial statements

City of Campbell, Ohio
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2016*

Net Change in Fund Balances - Total Governmental Funds (\$37,733)

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	149,888	
Current Year Depreciation	(182,254)	
	(32,366)	(32,366)

Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. (42,181)

Other financing sources in the governmental funds, such as inception of capital lease, increase long-term liabilities in the statement of net position. (117,322)

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

Delinquent Property Taxes	18,474	
Municipal Income Taxes	120,320	
Intergovernmental	109,290	
	248,084	248,084

Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows. 277,337

Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities. (569,526)

Repayment of long-term obligations is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 34,294

In the statement of activities, interest is accrued on outstanding loans, whereas in governmental funds, an interest expenditure is reported when due. (690)

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

Compensated Absences	(10,815)	
Jail Services Liability	12,000	
	1,185	1,185

Change in Net Position of Governmental Activities (\$238,918)

See accompanying notes to the basic financial statements

City of Campbell, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$313,406	\$313,406	\$294,743	(\$18,663)
Municipal Income Taxes	1,410,873	1,410,873	1,605,235	194,362
Charges for Services	97,829	97,829	51,461	(46,368)
Fines, Licenses and Permits	538,400	538,400	486,632	(51,768)
Intergovernmental	295,400	295,400	284,674	(10,726)
Interest	3,482	3,482	6,686	3,204
Contributions and Donations	0	0	765	765
Other	227,831	227,831	93,612	(134,219)
<i>Total Revenues</i>	2,887,221	2,887,221	2,823,808	(63,413)
Expenditures				
Current:				
General Government	1,339,083	1,334,083	1,439,807	(105,724)
Security of Persons and Property:				
Police	1,434,420	1,434,420	1,463,632	(29,212)
Fire	423,367	423,367	402,972	20,395
<i>Total Expenditures</i>	3,196,870	3,191,870	3,306,411	(114,541)
<i>Excess of Revenues Over (Under) Expenditures</i>	(309,649)	(304,649)	(482,603)	(177,954)
Other Financing Sources (Uses)				
Advances In	0	0	234,536	234,536
Advances Out	(70,000)	(70,000)	(80,000)	(10,000)
<i>Total Other Financing Sources (Uses)</i>	(70,000)	(70,000)	154,536	224,536
<i>Net Change in Fund Balance</i>	(379,649)	(374,649)	(328,067)	46,582
<i>Fund Balance Beginning of Year</i>	417,938	417,938	417,938	0
Prior Year Encumbrances Appropriated	80,292	80,292	80,292	0
<i>Fund Balance End of Year</i>	\$118,581	\$123,581	\$170,163	\$46,582

See accompanying notes to the basic financial statements

City of Campbell, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Street Construction, Maintenance and Repair Fund
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$164,768	\$164,768	\$148,360	(\$16,408)
Intergovernmental	43,088	133,088	334,205	201,117
Investment Earnings	0	0	340	340
Miscellaneous	1,449	1,449	0	(1,449)
<i>Total Revenues</i>	209,305	299,305	482,905	183,600
Expenditures				
Current:				
Transportation	494,784	494,784	527,605	(32,821)
<i>Net Change in Fund Balance</i>	(285,479)	(195,479)	(44,700)	150,779
<i>Fund Balance Beginning of Year</i>	311,226	311,226	311,226	0
Prior Year Encumbrances Appropriated	2,770	2,770	2,770	0
<i>Fund Balance End of Year</i>	<u>\$28,517</u>	<u>\$118,517</u>	<u>\$269,296</u>	<u>\$150,779</u>

See accompanying notes to the basic financial statements

City of Campbell, Ohio
Statement of Fund Net Position
Proprietary Funds
December 31, 2016

	Enterprise		
	Water	Storm Water Management	Total
Assets			
<i>Current Assets:</i>			
Equity in Pooled Cash and Cash Equivalents	\$713,021	\$414,759	\$1,127,780
Accounts Receivable	252,214	0	252,214
Prepaid Items	2,646	705	3,351
Intergovernmental Receivable	57,374	0	57,374
<i>Total Current Assets</i>	<u>1,025,255</u>	<u>415,464</u>	<u>1,440,719</u>
<i>Noncurrent Assets:</i>			
Nondepreciable Capital Assets	469,522	0	469,522
Depreciable Capital Assets, Net	4,606,066	161,522	4,767,588
<i>Total Noncurrent Assets</i>	<u>5,075,588</u>	<u>161,522</u>	<u>5,237,110</u>
<i>Total Assets</i>	<u>6,100,843</u>	<u>576,986</u>	<u>6,677,829</u>
Deferred Outflows of Resources			
Pension	294,591	12,025	306,616
Liabilities			
<i>Current Liabilities:</i>			
Accounts Payable	896	0	896
Accrued Wages	9,842	25	9,867
Contracts Payable	58,681	3,787	62,468
Intergovernmental Payable	8,695	283	8,978
Interfund Payable	200,000	0	200,000
Accrued Interest Payable	21,311	1,356	22,667
Capital Leases Payable	0	24,576	24,576
OPWC Loans Payable	45,543	0	45,543
OWDA Loans Payable	109,450	0	109,450
Compensated Absences Payable	7,508	0	7,508
<i>Total Current Liabilities</i>	<u>461,926</u>	<u>30,027</u>	<u>491,953</u>
<i>Long-Term Liabilities (net of current portion):</i>			
Capital Leases Payable	0	130,821	130,821
OPWC Loans Payable	187,234	0	187,234
OWDA Loans Payable	956,106	0	956,106
Net Pension Liability	761,574	31,086	792,660
Compensated Absences Payable	41,037	0	41,037
<i>Total Long-Term Liabilities</i>	<u>1,945,951</u>	<u>161,907</u>	<u>2,107,858</u>
<i>Total Liabilities</i>	<u>2,407,877</u>	<u>191,934</u>	<u>2,599,811</u>
Deferred Inflows of Resources			
Pension	14,715	601	15,316
Net Position			
Net Investment in Capital Assets	3,777,255	6,125	3,783,380
Unrestricted	195,587	390,351	585,938
<i>Total Net Position</i>	<u>\$3,972,842</u>	<u>\$396,476</u>	<u>\$4,369,318</u>

See accompanying notes to the basic financial statements

City of Campbell, Ohio
*Statement of Revenues,
Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2016*

	Enterprise		
	Water	Storm Water Management	Total
Operating Revenues			
Charges for Services	\$1,960,740	\$129,218	\$2,089,958
Other Operating Revenues	49,162	0	49,162
<i>Total Operating Revenues</i>	<u>2,009,902</u>	<u>129,218</u>	<u>2,139,120</u>
Operating Expenses			
Personal Services	795,519	13,434	808,953
Materials and Supplies	205,974	0	205,974
Contractual Services	569,703	128,226	697,929
Depreciation	176,750	17,947	194,697
Other	9,500	53	9,553
<i>Total Operating Expenses</i>	<u>1,757,446</u>	<u>159,660</u>	<u>1,917,106</u>
<i>Operating Income (Loss)</i>	252,456	(30,442)	222,014
Non-Operating Revenues (Expenses)			
Interest and Fiscal Charges	(35,693)	(5,115)	(40,808)
<i>Income (Loss) before Capital Contributions</i>	216,763	(35,557)	181,206
Capital Contributions	52,558	0	52,558
<i>Change in Net Position</i>	269,321	(35,557)	233,764
<i>Net Position Beginning of Year</i>	<u>3,703,521</u>	<u>432,033</u>	<u>4,135,554</u>
<i>Net Position End of Year</i>	<u><u>\$3,972,842</u></u>	<u><u>\$396,476</u></u>	<u><u>\$4,369,318</u></u>

See accompanying notes to the basic financial statements

City of Campbell, Ohio
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2016

	Enterprise		
	Water	Storm Water Management	Total
<i>Increase (Decrease) in Cash and Cash Equivalents</i>			
Cash Flows from Operating Activities			
Cash Received from Customers	\$1,936,204	\$146,341	\$2,082,545
Other Cash Receipts	49,162	0	49,162
Cash Payments to Employees for Services	(757,040)	(12,896)	(769,936)
Cash Payments for Goods and Services	(722,251)	(126,321)	(848,572)
Other Cash Payments	(9,500)	(53)	(9,553)
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>496,575</u>	<u>7,071</u>	<u>503,646</u>
Cash Flows from Noncapital Financing Activities			
Financing Activities			
Advances In	80,000	0	80,000
Advances Out	(56,685)	0	(56,685)
<i>Net Cash Provided by (Used for) Noncapital Financing Activities</i>	<u>23,315</u>	<u>0</u>	<u>23,315</u>
Cash Flows from Capital and Related Financing Activities			
Payments for Capital Acquisitions	(435,242)	0	(435,242)
Principal Paid on OWDA Loans	(103,705)	0	(103,705)
Interest Paid on OWDA Loans	(46,770)	0	(46,770)
Principal Paid on OWPC Loans	(45,544)	0	(45,544)
Principal Paid on Capital Lease	0	(24,072)	(24,072)
Interest Paid on Capital Lease	0	(3,759)	(3,759)
<i>Net Cash Provided by (Used for) Capital and Related Financing Activities</i>	<u>(631,261)</u>	<u>(27,831)</u>	<u>(659,092)</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	(111,371)	(20,760)	(132,131)
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>824,392</u>	<u>435,519</u>	<u>1,259,911</u>
<i>Cash and Cash Equivalents End of Year</i>	<u>\$713,021</u>	<u>\$414,759</u>	<u>\$1,127,780</u>

(continued)

City of Campbell, Ohio
Statement of Cash Flows
Proprietary Funds (continued)
For the Year Ended December 31, 2016

	Enterprise		
	Water	Storm Water Management	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities			
Operating Income (Loss)	\$252,456	(\$30,442)	\$222,014
Adjustments:			
Depreciation	176,750	17,947	194,697
<i>(Increase) Decrease in Assets and Deferred Outflows:</i>			
Accounts Receivable	(18,290)	0	(18,290)
Prepaid Items	(2,646)	(705)	(3,351)
Intergovernmental Receivable	410	17,123	17,533
Deferred Outflow - Pension	(200,707)	(8,193)	(208,900)
<i>Increase (Decrease) in Liabilities and Deferred Inflows:</i>			
Accounts Payable	(4,359)	(1,882)	(6,241)
Contracts Payable	58,681	3,787	62,468
Accrued Wages	2,665	(129)	2,536
Compensated Absences Payable	(2,050)	0	(2,050)
Intergovernmental Payable	(4,512)	(158)	(4,670)
Net Pension Liability	232,752	9,501	242,253
Deferred Inflow - Pension	5,425	222	5,647
<i>Total Adjustments</i>	244,119	37,513	281,632
<i>Net Cash Provided by (Used for) Operating Activities</i>	\$496,575	\$7,071	\$503,646

Noncash Capital Financing Activities

During 2016, the Ohio Public Works Commission paid directly to contractors the amount of \$52,558 for water enterprise fund construction.

During 2016, the Storm Water Management fund issued \$179,469 for a capital lease purchase of a street sweeper.

See accompanying notes to the basic financial statements

City of Campbell, Ohio
Statement of Fiduciary Assets and Liabilities
Agency Funds
December 31, 2016

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$451,064
Cash and Cash Equivalents in Segregated Accounts	<u>61,300</u>
<i>Total Assets</i>	<u><u>\$512,364</u></u>
Liabilities	
Due to Others	\$175,756
Due to Other Governments	<u>336,608</u>
<i>Total Liabilities</i>	<u><u>\$512,364</u></u>

See accompanying notes to the basic financial statements

City of Campbell, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2016

Note 1 – Description of the City and Reporting Entity

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

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

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

Reporting Entity

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

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

The City participates in the Eastgate Regional Council of Governments, a jointly governed organization. This organization is presented in Note 18 to the basic financial statements.

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

Note 2 – Summary of Significant Accounting Policies

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

City of Campbell, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2016

Basis of Presentation

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

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

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

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

Fund Accounting

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

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

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

City of Campbell, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2016

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

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

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

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

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

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

Fiduciary Funds

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

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

Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the City are included on the Statement of Net Position. The Statement of Activities presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

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

City of Campbell, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2016

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

Basis of Accounting

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

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

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the year in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 7). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: income tax, state-levied locally shared taxes (including gasoline tax and motor vehicle license fees), fines and forfeitures, interest, grants and rentals.

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

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the City deferred outflows of resources are reported on the government – wide statement of net position for deferred charges on pension. The deferred outflows of resources related to pension are explained in Note 15.

City of Campbell, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2016

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represents an acquisition of net position that applies to a future period and will not be recognized until that time. For the City, 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 December 31, 2016, but which were levied to finance year 2017 operations. The amounts have been recorded as deferred inflow on both the government-wide statement of net position and the government fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the City, unavailable revenue includes delinquent property taxes, municipal income taxes and grants and entitlements. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the reconciliation of total governmental fund balance to net position of governmental activities found on page 19. Deferred inflows of resources related to pension are reported on the government wide statement of net position. (See Note 15)

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 resource and deferred inflows of resources related to pensions, and pension expense, information about 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.

Cash and Cash Equivalents

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

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

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2016 amount to \$6,686, of which \$6,265 is assigned from other City funds.

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

Inventory

Inventories are presented at cost on a first-in, first out basis and are expended/expensed when used. Inventory consists of expendable supplies held for consumption.

City of Campbell, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2016

Restricted Assets

Assets are reported as restricted when limitations on their use change in nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments or imposed by law through constitutional provisions or enabling legislation. Restricted assets in the general fund represent money set aside for unclaimed monies.

Capital Assets

General capital assets are capital assets which are associated with and generally arise from governmental activities. They generally result from expenditures in the governmental funds. General capital assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the enterprise funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The City was able to estimate the historical cost for the initial reporting of infrastructure by backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated capital assets are recorded at their acquisition values as of the date received. The City maintains a capitalization threshold of \$5,000 with the exception of land as land was included regardless of cost. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life or not. Interest incurred during the construction of proprietary fund capital assets is also capitalized.

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

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

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

Interfund Balances

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

City of Campbell, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2016

Compensated Absences

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

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

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, 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 year. Long-term loans are recognized as a liability on the governmental fund financial statements when due.

Fund Balance

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

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

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

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

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (ordinance or resolution, as both are equally legally binding) of City Council. Those committed amounts cannot be used for any other purpose unless City Council removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to

City of Campbell, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2016

previously commit those amounts. (In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by City Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable.) Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. These amounts are assigned by the City Council. In the general fund, assigned amounts represent intended uses established by policies of the Council or a City official delegated that authority by City Charter or ordinance, or by State Statute. State statute authorizes the Finance Director to assign balance for purchases on order provided such amounts have been lawfully appropriated. City Council assigned fund balance to cover a gap between estimated revenue and appropriations in 2017's budget.

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

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

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for recycling, court computerization and unclaimed monies.

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

Operating Revenues and Expenses

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

City of Campbell, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2016

Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets, contributions of resources restricted to capital acquisition and construction and tap-in fees to the extent they exceed the cost of connection to the system.

Internal Activity

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

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Estimates

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

Budgetary Process

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

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

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

City of Campbell, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2016

Note 3 - Fund Balances

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

Fund Balances	General	Street Construction, Maintenance and Repair	Other Governmental Funds	Total
<i>Nonspendable</i>				
Inventory	\$0	\$9,179	\$0	\$9,179
Prepays	30,576	1,233	5,200	37,009
Unclaimed Monies	16,826	0	0	16,826
<i>Total Nonspendable</i>	47,402	10,412	5,200	63,014
<i>Restricted for</i>				
Recreation	0	0	122,295	122,295
Safety Forces	0	0	4,868	4,868
Street Maintenance	0	315,278	147,825	463,103
Recycling	0	0	44,994	44,994
Enforcement and Education	0	0	727,279	727,279
Community Development	0	0	162,620	162,620
Capital Improvements	0	0	260,972	260,972
<i>Total Restricted</i>	0	315,278	1,470,853	1,786,131
<i>Committed to</i>				
Capital Improvements	0	0	5,336	5,336
<i>Assigned to</i>				
2017 Operations	304,405	0	0	304,405
Purchases on Order:				
Personal Services	7,614	0	0	7,614
Purchased Services	45,454	0	0	45,454
Materials and Supplies	38,866	0	0	38,866
Other	11,847	0	0	11,847
Capital Outlay	4,188	0	0	4,188
<i>Total Assigned</i>	412,374	0	0	412,374
<i>Unassigned (Deficit)</i>	332,134	0	(142,158)	189,976
<i>Total Fund Balances (Deficit)</i>	\$791,910	\$325,690	\$1,339,231	\$2,456,831

City of Campbell, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2016

Note 4 – Accountability and Compliance

Accountability

Fund balances at December 31, 2016, included the following individual fund deficits:

	<u>Deficit Fund Balances</u>
<i>Special Revenue Funds:</i>	
Clean Ohio	\$83,259
Industrial Light Grant	55,513
YHMA	3,386

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

Compliance

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

Fund	Appropriations	Expenditures Plus Encumbrances	Excess
General Fund			
Police - Benefits	\$382,303	\$387,960	(\$5,657)
Police - Operations/Management	250,204	274,219	(24,015)
Fire - Benefits	188,089	207,402	(19,313)
Zoning - Wages	0	9,425	(9,425)
Mayor - Operations/Management	5,359	12,329	(6,970)
Muni Court - Wages	118,298	132,726	(14,428)
Muni Court - Benefits	140,190	150,564	(10,374)
Muni Court - Operations/Management	40,786	60,123	(19,337)
Administration - Wages	47,763	54,431	(6,668)
Civil Service - Benefits	570	8,173	(7,603)
Other			
Workers' Comp - Operations/Management	20,000	64,865	(44,865)
Unclaimed Monies - Operations/Management	3,000	15,363	(12,363)
Stale Check - Operations/Management	0	10,231	(10,231)
Street - Wages	136,521	141,814	(5,293)
Street - Operations/Management	248,736	278,882	(30,146)
Clean Ohio - Operations/Management	237,860	357,968	(120,108)
Probation Services - Operations/Management	40,500	47,111	(6,611)
Permissive Tax - Operations/Management	192,709	252,853	(60,144)
Stormwater Management - Operations/Management	147,420	166,873	(19,453)
Infrastructure & Equipment - Operations/Management	216,349	323,521	(107,172)
Water Operating - Wages	476,101	483,524	(7,423)
Water Operating - Operations/Management	586,671	767,547	(180,876)
City Escrow - Operations/Management	40,000	136,776	(96,776)
Service - Operations/Management	20,000	30,589	(10,589)
K9 Fundraiser - Operations/Management	0	9,080	(9,080)
Law Enforcement Trust Fund II - Operations/Management	42,000	48,309	(6,309)
Pending LE Seized Funds - Operations/Management	30,000	65,546	(35,546)
YMHA Police Patrol - Operations/Management	0	8,252	(8,252)

City of Campbell, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2016

Note 5 - Budgetary Basis of Accounting

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

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than as restricted, committed, or assigned of fund balance (GAAP).
4. Unrecorded cash represents amounts received but not reported by the City on the operating statements (budget), but which is reported on the GAAP basis operating statements.
5. Advances-in and Advances-out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).

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

	Net Change in Fund Balances	
	General	Street Construction, Maintenance and Repair
	<u>General</u>	<u>and Repair</u>
GAAP Basis	(\$324,640)	(\$37,032)
Net Adjustment for Revenue Accruals	(84,505)	(132,104)
Beginning Unrecorded Cash	26,607	1,694
Ending Unrecorded Cash	(150)	0
Net Adjustment for Expenditures Accruals	23,390	127,658
Advance In	234,536	0
Advance Out	(80,000)	0
Encumbrances	<u>(123,305)</u>	<u>(4,916)</u>
Budget Basis	<u><u>(\$328,067)</u></u>	<u><u>(\$44,700)</u></u>

City of Campbell, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2016

Note 6 - Deposits and Investments

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association. 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, and with certain limitations bonds and other obligations of political subdivisions of the State of Ohio;
6. The State Treasurer's investment pool (STAROhio); and
7. Certain commercial paper notes and bankers' acceptances for a period not to exceed one hundred eighty days in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

City of Campbell, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2016

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

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

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

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

Deposits

Custodial Credit Risk Custodial credit risk for deposits is the risk that, in the event of failure of the counterparty, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$2,995,465 of the City's bank balance of \$3,730,047 was uninsured and uncollateralized. Although the securities were held by the pledging financial institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the FDIC.

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

Note 7 - Receivables

Receivables at December 31, 2016, consisted primarily of municipal income taxes, property and other taxes, intergovernmental receivables arising from entitlements and shared revenues and accounts (billings for utility service).

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

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

City of Campbell, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2016

Property Taxes

Property taxes include amounts levied against all real and public utility property located in the City. Property tax revenue received during 2016 for real and public utility property taxes represents collections of 2015 taxes.

2016 real property taxes were levied after October 1, 2016, on the assessed value as of January 1, 2016, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2016 real property taxes are collected in and intended to finance 2017.

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

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2016 public utility property taxes which became a lien December 31, 2015, are levied after October 1, 2016, and are collected in 2017 with real property taxes.

The full tax rate for all City operations for the year ended December 31, 2016, was \$12.70 per \$1,000 of assessed value. The assessed values of real and public utility tangible property upon which 2016 property tax receipts were based are as follows:

Real Property	\$62,303,670
Public Utility Personal Property	<u>3,431,170</u>
Total	<u><u>\$65,734,840</u></u>

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the City. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real and public utility property taxes and outstanding delinquencies which were measurable as of December 31, 2016, and for which there was an enforceable legal claim. In governmental funds, the portion of the receivable not levied to finance 2016 operations is offset to deferred inflows of resources – property taxes. On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on the modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

Income Taxes

The City levies and collects an income tax of two and half percent on all income earned within the City as well as on income of residents outside the City. In the latter case, the City allows a credit of 100 percent of the tax paid to another municipality, not to exceed the amount owed. Employers within the City are required to withhold income tax on employee earnings and remit the tax to the City quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually. In 2016, the proceeds were allocated ninety percent to the general fund and ten percent to the park special revenue fund.

Intergovernmental Receivables

A summary of intergovernmental receivables follows:

City of Campbell, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2016

	Amounts
Governmental Activities	
Auditor of State CHIP	\$241,458
Auditor of State MIT	126,854
Gasoline and Municipal Cents per Gallon	111,521
Ohio Public Works Commission	90,972
Homestead and Rollback	88,438
Local Government	72,394
Permissive Tax	45,530
Motor Vehicle License Tax	35,387
City of Youngstown Income Tax Sharing	22,385
4th Quarter Sewer Administration Reimbursement	11,000
Bureau of Workers' Compensation	1,047
Total Governmental Activities	846,986
Business-Type Activities	
Ohio Public Works Commission	52,558
4th Quarter Sewer Administration Reimbursement	4,816
Total Business-Type Activities	57,374
Total	\$904,360

Note 8 - Compensated Absences

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

Note 9 - Contingencies

Litigation

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

Grants

The City received financial assistance from federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the City at December 31, 2016.

City of Campbell, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2016

Note 10 - Capital Assets

Capital asset activity for the year ended December 31, 2016, was as follows:

	Balance 12/31/2015	Additions	Deductions	Balance 12/31/2016
Governmental Activities				
<i>Capital Assets not being Depreciated:</i>				
Land	\$755,800	\$0	\$0	\$755,800
<i>Capital Assets being Depreciated:</i>				
Land Improvements	715,151	0	0	715,151
Buildings	1,796,193	0	0	1,796,193
Machinery and Equipment	607,312	0	0	607,312
Vehicles	1,840,843	149,888	(234,360)	1,756,371
Infrastructure	849,086	0	0	849,086
Total Capital Assets being Depreciated	<u>5,808,585</u>	<u>149,888</u>	<u>(234,360)</u>	<u>5,724,113</u>
<i>Less Accumulated Depreciation:</i>				
Land Improvements	(387,159)	(14,303)	0	(401,462)
Buildings	(1,580,599)	(13,447)	0	(1,594,046)
Machinery and Equipment	(519,253)	(12,213)	0	(531,466)
Vehicles	(1,104,276)	(131,619)	192,179	(1,043,716)
Infrastructure	(358,183)	(10,672)	0	(368,855)
Total Accumulated Depreciation	<u>(3,949,470)</u>	<u>(182,254) *</u>	<u>192,179</u>	<u>(3,939,545)</u>
Total Capital Assets being Depreciated, Net	<u>1,859,115</u>	<u>(32,366)</u>	<u>(42,181)</u>	<u>1,784,568</u>
Governmental Activities Capital Assets, Net	<u>\$2,614,915</u>	<u>(\$32,366)</u>	<u>(\$42,181)</u>	<u>\$2,540,368</u>

*Depreciation expense was charged to governmental activities as follows:

General Government	\$35,933
Security of Persons and Property	111,149
Transportation	29,132
Leisure Time Activities	6,040
Total Depreciation Expense	<u>\$182,254</u>

City of Campbell, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2016

	Balance 12/31/2015	Additions	Deductions	Balance 12/31/2016
Business Type Activities:				
<i>Capital Assets not being Depreciated:</i>				
Land	\$34,280	\$0	\$0	\$34,280
Construction in Progress	0	435,242	0	435,242
<i>Total Capital Assets not being Depreciated</i>	<u>34,280</u>	<u>435,242</u>	<u>0</u>	<u>469,522</u>
<i>Capital Assets being Depreciated:</i>				
Land Improvements	33,962	0	0	33,962
Buildings	3,923,395	0	0	3,923,395
Machinery and Equipment	1,809,275	0	0	1,809,275
Vehicles	29,101	179,469	0	208,570
Infrastructure	10,200,000	0	0	10,200,000
Total Capital Assets being Depreciated	<u>15,995,733</u>	<u>179,469</u>	<u>0</u>	<u>16,175,202</u>
<i>Less Accumulated Depreciation:</i>				
Land Improvements	(32,215)	(820)	0	(33,035)
Buildings	(3,060,559)	(47,253)	0	(3,107,812)
Machinery and Equipment	(1,567,589)	(25,040)	0	(1,592,629)
Vehicles	(24,554)	(19,584)	0	(44,138)
Infrastructure	(6,528,000)	(102,000)	0	(6,630,000)
<i>Total Accumulated Depreciation</i>	<u>(11,212,917)</u>	<u>(194,697)</u>	<u>0</u>	<u>(11,407,614)</u>
Total Capital Assets being Depreciated, Net	<u>4,782,816</u>	<u>(15,228)</u>	<u>0</u>	<u>4,767,588</u>
Business Type Activities Capital Assets, Net	<u><u>\$4,817,096</u></u>	<u><u>\$420,014</u></u>	<u><u>\$0</u></u>	<u><u>\$5,237,110</u></u>

Note 11 - Risk Management

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

Property and Liability

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

City of Campbell, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2016

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. (At December 31, 2016, the Pool retained \$350,000 for casualty claims and \$100,000 for property claims). The Board of Directors and York periodically review the financial strength of the Pool and other market conditions to determine the appropriate level of risk the Pool will retain. There has been no significant reduction in coverage from last year.

The aforementioned casualty and property reinsurance agreements do not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective PEP member.

Financial Position

PEP's financial statements (for which an independent audit is still ongoing) conform to generally accepted accounting principles, and preliminarily show the following assets, liabilities and net position at December 31, 2016 and 2015:

<u>Casualty and Property Coverage</u>	<u>2016</u>	<u>2015</u>
Assets	\$42,182,281	\$38,307,677
Liabilities	<u>13,396,700</u>	<u>12,759,127</u>
Net Position - Unrestricted	<u><u>\$28,785,581</u></u>	<u><u>\$25,548,550</u></u>

At December 31, 2016 and 2015, the liabilities above include unknown amounts of estimated incurred claims payable. The casualty coverage assets and net position above include approximately \$11.5 million and \$11.0 million of unpaid claims to be billed to approximately 520 member governments in the future, as of December 31, 2016 and 2015, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. This payable includes subsequent year's contributions due if the City terminates participation, as described in the last paragraph below.

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

This was the third year the City was a member of the PEP. The contribution for 2016 was \$83,119.

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

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

City of Campbell, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2016

Healthcare

Healthcare is provided through AETNA with single coverage of \$7,923.72 per year, husband and wife coverage of \$19,809.60 per year, parent and child coverage of \$11,805.76 per year and full family coverage of \$21,394.32 per year.

Workers' Compensation

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

Note 12 – Interfund Balances

Interfund balances at December 31, 2016, consist of the following:

Interfund Payable	Interfund Receivable
	General
Other Governmental Funds:	
Clean Ohio Fund	\$210,113
Industrial Light Grant Fund	55,513
Total Other Governmental Funds	265,626
Water Enterprise Fund	200,000
Grand Total	\$465,626

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

Note 13 - Long-Term Obligations

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

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

City of Campbell, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2016

A schedule of changes in long-term obligations of the City during 2016 follows:

	Balance 12/31/15	Additions	Reductions	Balance 12/31/16	Amounts Due in One Year
Governmental Activities					
<i>Other</i>					
Net Pension Liability					
OPERS	\$528,822	\$232,753	\$0	\$761,575	\$0
OP&F	2,561,416	734,117	0	3,295,533	0
Total Net Pension Liability	3,090,238	966,870	0	4,057,108	0
Police and Fire Pension	466,413	0	(15,820)	450,593	16,499
Jail Services Liability	46,847	0	(12,000)	34,847	12,000
Capital Leases	5,714	117,322	(18,474)	104,562	18,381
Compensated Absences	288,844	103,017	(92,202)	299,659	97,955
<i>Total Governmental Activities</i>	<u>\$3,898,056</u>	<u>\$1,187,209</u>	<u>(\$138,496)</u>	<u>\$4,946,769</u>	<u>\$144,835</u>
Business-Type Activities					
<i>OPWC Loans</i>					
Liberty Sewer Water Tank	\$202,417	\$0	(\$40,483)	\$161,934	\$40,483
Wilson Avenue and 13th Street Sanitary Separation	75,904	0	(5,061)	70,843	5,060
<i>Total OPWC Loans</i>	<u>278,321</u>	<u>0</u>	<u>(45,544)</u>	<u>232,777</u>	<u>45,543</u>
<i>OWDA Loans</i>					
Water Treatment Plant	1,169,261	0	(103,705)	1,065,556	109,450
<i>Other</i>					
Net Pension Liability OPERS:					
Water	528,823	232,751	0	761,574	0
Sewer	21,584	9,502	0	31,086	0
Total Net Pension Liability OPERS	550,407	242,253	0	792,660	0
Capital Lease	0	179,469	(24,072)	155,397	24,576
Compensated Absences	50,595	4,244	(6,294)	48,545	7,508
<i>Total Other</i>	<u>601,002</u>	<u>425,966</u>	<u>(30,366)</u>	<u>996,602</u>	<u>32,084</u>
Total Business-Type Activities	<u>\$2,048,584</u>	<u>\$425,966</u>	<u>(\$179,615)</u>	<u>\$2,294,935</u>	<u>\$187,077</u>

The police and fire pension liability will be paid from the police and fire pension funds. The jail services liability is an amount owed to Mahoning County for holding prisoners. This liability will be paid from the general fund. The OWDA and OPWC loans will be paid with user charges from the water enterprise fund. Compensated absences will be paid from the following funds: the general fund, the street construction, maintenance and repair special revenue fund and the water enterprise fund. Capital leases will be paid from the general fund, the street construction, maintenance and repair and state highway special revenue funds and the storm water management enterprise fund. There is no repayment schedule for the net pension liability. However, employer pension contributions are made from the following funds: the general fund, the street construction, maintenance and repair special revenue fund, the water enterprise fund and the storm water management enterprise fund. See Note 15 for additional information related to the net pension liability.

The City's overall legal debt margin was \$6,902,158 with an unvoted debt margin of \$3,615,416 at December 31, 2016. Principal and interest requirements to retire long-term obligations outstanding at December 31, 2016, are as follows:

City of Campbell, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2016

Governmental Activities:

	Police and Fire Pension Liability		Jail Services Liability
	Principal	Interest	Principal
	2017	\$16,499	\$18,977
2018	17,208	18,268	12,000
2019	17,947	17,529	10,847
2020	18,718	16,758	0
2021	19,522	15,954	0
2022-2026	110,932	66,449	0
2027-2031	136,891	40,490	0
2032-2035	112,876	9,697	0
Total	\$450,593	\$204,122	\$34,847

Business-Type Activities:

	OWDA Loans		OPWC Loans
	Principal	Interest	
2017	\$109,450	\$59,032	\$45,543
2018	115,513	52,968	45,544
2019	121,913	46,568	45,544
2020	128,668	39,814	25,303
2021	135,795	32,686	25,298
2022-2026	454,217	51,231	25,300
2027-2031	0	0	20,245
Total	\$1,065,556	\$282,299	\$232,777

Note 14 – Capital Leases

The City has entered into lease agreements for a telephone system, tractor and street sweeper. The City's lease obligations meet the criteria of a capital lease and have been recorded on the government-wide statements. The original amount capitalized for the capital lease and the book value as of December 31, 2016 can be found in the table below.

<i>Asset:</i>	Governmental Activities	Business-Type Activities
Equipment	\$9,800	\$0
Vehicles	117,322	179,469
Less: Accumulated Depreciation	(14,673)	(17,947)
Book Value as of December 31, 2016	\$112,449	\$161,522

City of Campbell, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2016

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 December 31,	Governmental Activities	Business-Type Activities
2017	\$21,485	\$27,831
2018	18,777	27,831
2019	18,777	27,831
2020	18,777	27,831
2021	18,777	27,831
Thereafter	18,777	27,831
Total Minimum Lease Payments	115,370	166,986
Less: Amount Representing Interest	(10,808)	(11,589)
Present Value of Minimum Lease	<u>\$104,562</u>	<u>\$155,397</u>

Capital lease payments have been reclassified and are reflected as debt service in the fund financial statements for the respective funds. These expenditures are reflected as program expenditures on a budgetary basis.

Note 15 – 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 City’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 City’s obligation for this liability to annually required payments. The City cannot control benefit terms or the manner in which pensions are financed; however, the City 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.

City of Campbell, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2016

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 – Ohio Public Employees Retirement System (OPERS)

Plan Description - City employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. City employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS’ traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS’ fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

Final average Salary (FAS) represents the average of the three highest years of earnings over a member’s career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member’s career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

City of Campbell, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2016

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	State and Local
2016 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
 2016 Actual Contribution Rates	
Employer:	
Pension	12.0 %
Post-employment Health Care Benefits	2.0
Total Employer	14.0 %
 Employee	 10.0 %

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$142,370 for 2016. Of this amount, \$14,850 is reported as an intergovernmental payable.

Plan Description – Ohio Police & Fire Pension Fund (OP&F)

Plan Description - City full-time police and firefighters participate in Ohio Police and Fire Pension Fund (OP&F), a cost-sharing, multiple-employer defined benefit pension plan administered by OP&F. OP&F provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OP&F fiduciary net position. The report that may be obtained by visiting the OP&F website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Upon attaining a qualifying age with sufficient years of service, a member of OP&F may retire and receive a lifetime monthly pension. OP&F offers four types of service retirement: normal, service commuted, age/service commuted and actuarially reduced. Each type has different eligibility guidelines and is calculated using the member's average annual salary. The following discussion of the pension formula relates to normal service retirement.

For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement with at least 25 years of service credit. For members hired on or before after July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit.

City of Campbell, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2016

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit.

Under normal service retirement, retired members who are at least 55 years old and have been receiving OP&F benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit and statutory survivors.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, will receive a COLA equal to either three percent or the percent increase, if any, in the consumer price index (CPI) over the 12-month period ending on September 30 of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013, is equal to three percent of their base pension or disability benefit.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	Police	Firefighters
2016 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
 2016 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	0.50	0.50
Total Employer	19.50 %	24.00 %
 Employee	 12.25 %	 12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$207,576 for 2016. Of this amount, \$24,546 is reported as an intergovernmental payable.

In addition to current contributions, the City pays installments on the accrued liability incurred when the State of Ohio established the statewide pension system for police and fire fighters in 1967. As of December 31, 2016, the unfunded liability of the City was \$450,593 payable in semi-annual payments through the year of 2035. This is an accounting liability of the City which will not vary.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability for OPERS was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OP&F's

City of Campbell, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2016

total pension liability was measured as of December 31, 2015, and was determined by rolling forward the total pension liability as of January 1, 2015, to December 31, 2015. The City's proportion of the net pension liability was based on the City'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>OPERS</u>	<u>OP&F</u>	
Proportion of the Net Pension Liability:			
Current Measurement Date	0.0089730%	0.0512280%	
Prior Measurement Date	<u>0.0089480%</u>	<u>0.0494442%</u>	
Change in Proportionate Share	<u>0.0000250%</u>	<u>0.0017838%</u>	
			<u>Total</u>
Proportionate Share of the Net Pension Liability	\$1,554,235	\$3,295,533	\$4,849,768
Pension Expense	\$218,841	\$462,294	\$681,135

At December 31, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred Outflows of Resources			
Net difference between projected and actual earnings on pension plan investments	\$456,849	\$536,386	\$993,235
Changes in proportion and differences between City contributions and proportionate share of contributions	1,989	74,137	76,126
City contributions subsequent to the measurement date	<u>142,370</u>	<u>207,576</u>	<u>349,946</u>
Total Deferred Outflows of Resources	<u>\$601,208</u>	<u>\$818,099</u>	<u>\$1,419,307</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	<u>\$30,031</u>	<u>\$9,254</u>	<u>\$39,285</u>

\$349,946 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

City of Campbell, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2016

Year Ending December 31:	OPERS	OP&F	Total
2017	\$100,834	\$153,747	\$254,581
2018	108,138	153,747	261,885
2019	116,446	153,747	270,193
2020	103,389	123,032	226,421
2021	0	14,285	14,285
Thereafter	0	2,711	2,711
Total	<u>\$428,807</u>	<u>\$601,269</u>	<u>\$1,030,076</u>

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification 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. The total pension liability was determined by an actuarial valuation as of December 31, 2015, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuations are presented below.

Wage Inflation	3.75 percent
Future Salary Increases, including inflation COLA or Ad Hoc COLA:	4.25 to 10.05 percent including wage inflation
Pre-January 7, 2013 Retirees	3 percent, simple
Post-January 7, 2013 Retirees	3 percent, simple through 2018, then 2.8 percent, simple
Investment Rate of Return	8 percent
Actuarial Cost Method	Individual Entry Age

Mortality rates were based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

The most recent experience study was completed for the five year period ended December 31, 2010.

The long-term rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

City of Campbell, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2016

OPERS manages investments in four investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan and the VEBA Trust. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The money weighted rate of return, net of investments expense, for the Defined Benefit portfolio is 0.4 percent for 2015.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2015 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00 %	2.31 %
Domestic Equities	20.70	5.84
Real Estate	10.00	4.25
Private Equity	10.00	9.25
International Equities	18.30	7.40
Other investments	18.00	4.59
Total	100.00 %	5.27 %

Discount Rate The discount rate used to measure the total pension liability was 8 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the County’s proportionate share of the net pension liability calculated using the current period discount rate assumption of 8 percent, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (7 percent) or one-percentage-point higher (9 percent) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
City's proportionate share of the net pension liability	\$2,476,279	\$1,554,235	\$776,523

City of Campbell, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2016

Changes between Measurement Date and Report Date

In October 2016, the OPERS Board adopted certain assumption changes which will impact their annual actuarial valuation prepared as of December 31, 2016. The most significant change is a reduction in the discount rate from 8.0 percent to 7.5 percent. Although the exact amount of these changes is not known, the impact to the City's net pension liability is expected to be significant.

Actuarial Assumptions – OP&F

OP&F's total pension liability as of December 31, 2015, is based on the results of an actuarial valuation date of January 1, 2015, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. 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.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2015, are presented below:

Valuation Date	January 1, 2015
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.25 percent
Projected Salary Increases	4.25 percent to 11 percent
Payroll Increases	3.75 percent
Inflation Assumptions	3.25 percent
Cost of Living Adjustments	2.60 percent and 3.00 percent, simple

Rates of death are based on the RP2000 Combined Table, age-adjusted as follows. For active members, set back six years. For disability retirements, set forward five years for police and three years for firefighters. For service retirements, set back zero years for police and two years for firefighters. For beneficiaries, set back zero years. The rates are applied on a fully generational basis, with a base year of 2009, using mortality improvement Scale AA.

The most recent experience study was completed January 1, 2012.

The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the 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. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2015, are summarized below:

City of Campbell, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2016

Asset Class	Target Allocation	10 Year Expected Real Rate of Return**	30 Year Expected Real Rate of Return**
Cash and Cash Equivalents	- %	0.00 %	0.00 %
Domestic Equity	16.00	6.50	7.80
Non-US Equity	16.00	6.70	8.00
Core Fixed Income *	20.00	3.50	5.35
Global Inflation Protected Securities*	20.00	3.50	4.73
High Yield	15.00	6.35	7.21
Real Estate	12.00	5.80	7.43
Private Markets	8.00	9.50	10.73
Timber	5.00	6.55	7.35
Master Limited Partnerships	8.00	9.65	10.75
Total	<u>120.00 %</u>		

Note: Assumptions are geometric.

* levered 2x

** Numbers include inflation

OP&F's Board of Trustees has incorporated the "risk parity" concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on their relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.2 times due to the application of leverage in certain fixed income asset classes.

Discount Rate The total pension liability was calculated using the discount rate of 8.25 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 longer-term assumed investment rate of return 8.25 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, a 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 City'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 8.25 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.25 percent), or one percentage point higher (9.25 percent) than the current rate.

	1% Decrease (7.25%)	Current Discount Rate (8.25%)	1% Increase (9.25%)
City's proportionate share of the net pension liability	\$4,346,367	\$3,295,533	\$2,405,374

City of Campbell, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2016

Note 16 – Postemployment Benefits

Ohio Public Employees Retirement System

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintained two cost-sharing, multiple-employer defined benefit postemployment health care trusts, which funded multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and the combined plans. Members of the member-directed plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. See OPERS' CAFR referenced below for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2016, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

At the beginning of 2016, OPERS maintained three health care trusts. The two cost-sharing, multiple employer trusts, the 401(h) Health Care Trust (401(h) Trust) and the 115 Health Care Trust (115 Trust), worked together to provide health care funding to eligible retirees of the Traditional Pension and Combined plans. Each year, the OPERS Board of Trustees determines the portion of the employer contributions rate that will be set aside to fund health care plans. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2016 remained at 2.0 percent for both the Traditional Pension and Combined plans. The Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The third trust is a Voluntary Employee's Beneficiary Association (VEBA) Trust that provides funding for a Retiree Medical Account (RMA) for Member-Directed Plan members. The employer contribution as a percentage of covered payroll deposited to the RMAs for 2016 was 4.0 percent.

City of Campbell, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2016

In March 2016, OPERS received two favorable rulings from the IRS allowing OPERS to consolidate all health care assets into the 115 Trust. Transition to the new health care trust structure occurred during 2016. OPERS Combining Statements of Changes in Fiduciary Net Position for the year ended December 31, 2016, will reflect a partial year of activity in the 401(h) Trust and VEBA Trust prior to the termination of these trusts as of end of business day June 30, 2016, and the assets and liabilities, or net position, of these trusts being consolidated into the 115 Trust on July 1, 2016.

Substantially all of the City's contribution allocated to fund postemployment health care benefits relates to the cost-sharing, multiple employer trusts. The corresponding contribution for the years ended December 31, 2016, 2015 and 2014 was \$23,728, \$22,336 and \$21,940, respectively. For 2016, 87.33 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2015 and 2014.

Ohio Police and Fire Pension Fund

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

OPF provides access to postretirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or statutory survivor benefit, or is a spouse or eligible dependent child of such person. The health care coverage provided by OPF meets the definition of an Other Post Employment Benefit (OPEB) as described in Government Accounting Standards Board (GASB) Statement No. 45.

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

OPF issues a publicly available financial report that includes financial information and required supplementary information for the plan. The report may be obtained by visiting the OPF website at www.opf.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy - The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OPF defined benefit pension plan. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently 19.5 percent and 24 percent of covered payroll for police and fire employer units. Active members do not make contributions to the OPEB Plan.

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

City of Campbell, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2016

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2016, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

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

The City's contribution to OPF for the years ended December 31, 2016, 2015, and 2014 were \$212,771, \$224,566 and \$212,116, respectively, of which \$5,195, \$5,515 and \$5,195, respectively, was allocated to the healthcare plan. For 2016, 97.68 percent has been contributed for both police and firefighters with the balance being reported as an *intergovernmental payable*. The full amount has been contributed for 2015 and 2014.

Note 17 – Encumbrances

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

Governmental Funds		Proprietary Funds	
General	\$123,305	Water	\$216,187
Street Construction, Maintenance and Repair	4,916	Storm Water Management	<u>12,669</u>
Other Government Funds	<u>203,018</u>		<u>\$228,856</u>
Total Governmental Funds	<u><u>\$331,239</u></u>		

Note 18 – Jointly Governed Organizations

Eastgate Regional Council of Governments

The Eastgate Regional Council of Governments (ERCG) is a jointly governed organization that is committed to fostering cooperative regional efforts in the planning, programming and implementation of public sector activities. ERCG has thirty-six participating members. These include representatives from Ashtabula County, Mahoning County and Trumbull County, township trustees and officials from participating cities and villages. The operation of ERCG is controlled by a general policy board which consists of a representative from each participant. Funding comes from each of the participants. For 2016, the City contributed \$3,047 to the Eastgate Regional Council of Governments. For more information contact John R. Getchey, executive director, at 5121 Mahoning Avenue, Youngstown, Ohio 44515.

City of Campbell, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2016

Note 19 – Change in Accounting Principle

For 2016, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 72, “Fair Value Measurement and Application,” GASB Statement No 73, “Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68,” GASB Statement No. 76, “The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments,” GASB Statement No. 79, “Certain External Investment Pools and Pool Participants,” and GASB Statement No. 82, “Pension Issues an Amendment of GASB Statements No. 67, No. 68 and No. 73.”

GASB Statement No. 72 addresses accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes for applying fair value to certain investments and disclosures related to all fair value measurements. These changes were incorporated in the City’s 2016 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 73 establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement 68. The implementation of this GASB pronouncement did not result in any changes to the City’s financial statements.

GASB Statement No. 76 identifies-in the context of the current governmental financial reporting environment-the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with generally accepted accounting principles (GAAP) and the framework for selecting those principles. The implementation of this GASB pronouncement did not result in any changes to the City’s financial statements.

GASB Statement No. 79 establishes accounting and financial reporting standards for qualifying external investment pools that elect to measure for financial reporting purposes all of their investments at amortized cost. This Statement provides accounting and financial reporting guidance and also establishes additional note disclosure requirements for governments that participate in those pools. The City participates in STAR Ohio which implemented GASB Statement No. 79 for 2016. The City incorporated the corresponding GASB 79 guidance into their 2016 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 82 improves consistency in the application of pension accounting. These changes were incorporated in the City’s 2016 financial statements; however, there was no effect on beginning net position/fund balance.

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Required Supplementary Information

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City of Campbell, Ohio
Required Supplementary Information
Schedule of the City's Proportionate Share of the Net Pension Liability
Ohio Public Employees Retirement System - Traditional Plan
*Last Three Years (1)**

	2016	2015	2014
City's Proportion of the Net Pension Liability	0.0089730%	0.0089480%	0.0089480%
City's Proportionate Share of the Net Pension Liability	\$1,554,235	\$1,079,229	\$1,054,853
City's Covered Payroll	\$1,116,800	\$1,096,975	\$1,015,953
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	139.17%	98.38%	103.83%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.08%	86.45%	86.36%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2014 is not available. An additional column will be added each year.

* Amounts presented for each year were determined as of the City's measurement date which is the prior year end

City of Campbell, Ohio
Required Supplementary Information
Schedule of the City's Proportionate Share of the Net Pension Liability
Ohio Police and Fire Pension Fund
*Last Three Years (1)**

	2016	2015	2014
City's Proportion of the Net Pension Liability	0.0512280%	0.0494442%	0.0494442%
City's Proportionate Share of the Net Pension Liability	\$3,295,533	\$2,561,416	\$2,408,088
City's Covered Payroll	\$1,103,029	\$1,039,018	\$939,933
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	298.77%	246.52%	256.20%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.77%	71.71%	73.00%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2014 is not available. An additional column will be added each year.

* Amounts presented for each year were determined as of the City's measurement date which is the prior year end

City of Campbell, Ohio
Required Supplementary Information
Schedule of the City's Contributions
Ohio Public Employees Retirement System - Traditional Plan
Last Four Years (1)

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$142,370	\$134,017	\$131,637	\$132,074
Contributions in Relation to the Contractually Required Contribution	<u>(142,370)</u>	<u>(134,017)</u>	<u>(131,637)</u>	<u>(132,074)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll	\$1,186,417	\$1,116,807	\$1,096,975	\$1,015,953
Contributions as a Percentage of Covered Payroll	12.00%	12.00%	12.00%	13.00%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2013 is not available. An additional column will be added each year.

City of Campbell, Ohio
Required Supplementary Information
Schedule of the City's Contributions
Ohio Police and Fire Pension Fund
Last Ten Years

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$207,576	\$219,051	\$206,921	\$223,569
Contributions in Relation to the Contractually Required Contribution	<u>(207,576)</u>	<u>(219,051)</u>	<u>(206,921)</u>	<u>(223,569)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll	\$1,038,992	\$1,103,029	\$1,039,018	\$939,933
Contributions as a Percentage of Covered Payroll:	19.98%	19.86%	19.92%	23.79%

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$264,035	\$171,861	\$261,032	\$222,429	\$265,072	\$266,783
<u>(264,035)</u>	<u>(171,861)</u>	<u>(261,032)</u>	<u>(222,429)</u>	<u>(265,072)</u>	<u>(266,783)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$937,643	\$808,700	\$881,338	\$766,045	\$904,492	\$942,602
28.16%	21.25%	29.62%	29.04%	29.31%	28.30%

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JAMES G. ZUPKA, C.P.A., INC.

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Ohio Society of Certified Public Accountants

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Members of City Council
City of Campbell
Campbell, Ohio

The Honorable Dave Yost
Auditor of State
State of Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Campbell, Mahoning County, Ohio, (the City) as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 30, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs that we considered a material weakness as item **2016-002**.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as item **2016-001**.

City's Response to Findings

The City's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on them.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



James G. Zupka, CPA, Inc.
Certified Public Accountants

June 30, 2017

**CITY OF CAMPBELL
MAHONING COUNTY, OHIO
SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2016**

Finding No. 2016-001 - Material Non-Compliance - Expenditures Exceeding Appropriations

Statement of Condition/Criteria

Ohio Revised Code Section 5705.41(B) prohibits a City from expending money unless it has been appropriated.

Cause/Effect

During our review of budgetary procedures, we noted that the following funds had expenditures plus encumbrances that exceeded appropriations plus prior year encumbrances, which is contrary to Ohio Revised Code Section 5705.41(B).

<u>Fund</u>	<u>Appropriations</u>	<u>Expenditures Plus Encumbrances</u>	<u>Variance</u>
<u>General Fund</u>			
Police - Benefits	\$ 382,303	\$ 387,960	\$ (5,657)
Police – Operations/Management	250,204	274,219	(24,015)
Fire - Benefits	188,089	207,402	(19,313)
Zoning - Wages	0	9,425	(9,425)
Mayor – Operations/Management	5,359	12,329	(6,970)
Muni Court - Wages	118,298	132,726	(14,428)
Muni Court - Benefits	140,190	150,564	(10,374)
Muni Court – Operations/Management	40,786	60,123	(19,337)
Administration - Wages	47,763	54,431	(6,668)
Civil Service - Benefits	570	8,173	(7,603)
<u>Other</u>			
Workers' Comp – Operations/Management	20,000	64,865	(44,865)
Unclaimed Monies – Operations/Management	3,000	15,363	(12,363)
Stale Check – Operations/Management	0	10,231	(10,231)
Street - Wages	136,521	141,814	(5,293)
Street – Operations/Management	248,736	278,882	(30,146)
Clean Ohio – Operations/Management	237,860	357,968	(120,108)
Probation Services – Operations/Management	40,500	47,111	(6,611)
Permissive Tax – Operations/Management	192,709	252,853	(60,144)
Stormwater Management – Operations/Management	147,420	166,873	(19,453)
Infrastructure & Equipment – Operations/Management	216,349	323,521	(107,172)
Water Operating – Wages	476,101	483,524	(7,423)
Water Operating – Operations/Management	586,671	767,547	(180,876)
City Escrow – Operations/Management	40,000	136,776	(96,776)
Service – Operations/Management	20,000	30,589	(10,589)
K9 Fundraiser – Operations/Management	0	9,080	(9,080)
Law Enforcement Trust Fund II – Operations/Management	42,000	48,309	(6,309)
Pending LE Seized Funds – Operations/Management	30,000	65,546	(35,546)
YMHA Police Patrol – Operations/Management	0	8,252	(8,252)

Recommendation

We recommend that the City exercise due care to ensure expenditures plus encumbrances do not exceed appropriations plus prior year encumbrances. This will assist the City in avoiding negative fund balances and also ensure the City is in compliance with Ohio Revised Code Section 5705.41(B).

City's Response

The City will implement the recommendation. The City has modified its appropriations but they were not approved by Council until February 2017.

**CITY OF CAMPBELL,
MAHONING COUNTY OHIO
SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2016
(CONTINUED)**

Finding No. 2016-002 - Material Weakness - Posting Receipts and Disbursements to the System

Statement of Condition/Criteria

During our review of receipts and disbursements, we identified the following control deficiencies which could result in material misstatements:

1. Receipts and disbursements are posted to the system one to two months after the transaction occurs.
2. Checks are typed using a typewriter and then later entered into the system.
3. There are inconsistencies between the date of the receipt versus the date posted in the financial system.

Cause/Effect

Lack of controls over entering/recording transactions in the system can result in errors and irregularities that may go undetected and decrease the reliability of financial data at year end.

Recommendation

We recommend that the City record transactions in its system timely and implement controls to ensure the transactions are recorded accurately and timely. We also recommend that the City receive training on how to properly use its system to help improve accuracy and efficiency. Starting in 2016, the City began preparing vendor checks through the use of financial software instead of manually; however, manual checks are still being used prior to month closing.

City's Response

The City will implement the recommendations.

**CITY OF CAMPBELL
 MAHONING COUNTY, OHIO
 STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS
 FOR THE YEAR ENDED DECEMBER 31, 2016**

Finding Number	Finding Summary	Status	Additional Information
2015-001	Expenditures Exceeding Appropriations	Not Corrected	Repeated as Finding 2016-001
2015-002	Bank Reconciliations	Partially Corrected	Repeated as a Management Letter recommendation
2015-003	Posting Receipts and Disbursements to the System	Not Corrected	Repeated as Finding 2016-002

Management letter recommendations have been corrected, repeated, or procedures instituted to prevent occurrences in this audit period.

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Dave Yost • Auditor of State

CITY OF CAMPBELL

MAHONING COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 5, 2017**