



Dave Yost • Auditor of State

City of Campbell
Mahoning County

Fiscal Emergency Termination

Local Government Services

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City of Campbell, Mahoning County

Fiscal Emergency Termination

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CERTIFICATION

Pursuant to a request sent to the Auditor of State by the Financial Planning and Supervision Commission of the City of Campbell, the Auditor of State performed an analysis of the City of Campbell to determine whether the Commission and its functions under Chapter 118 of the Ohio Revised Code should be terminated. Based on the analysis, the Auditor of State certifies, as required by Section 118.27 of the Revised Code, that the City of Campbell no longer meets the fiscal emergency conditions set forth in Section 118.03 of the Revised Code, that the objectives of the financial recovery plan are being met, that an effective financial accounting and reporting system in accordance with Section 118.10 of the Revised Code has been implemented, and that Management has prepared a financial forecast for a five-year period in accordance with the standards issued by the Auditor of State and an opinion has been rendered by the Auditor of State that the financial forecast is considered to be nonadverse. Therefore, the existence of the Financial Planning and Supervision Commission of the City of Campbell and its role in the operation of the City of Campbell is terminated as of October 2, 2013.

Accordingly, on behalf of the Auditor of State, this report is hereby submitted to William Vansuch, Mayor of the City of Campbell; George Levendis, President of City Council; John Kasich, Governor; Timothy Keen, Director of the Office of Budget and Management; Josh Mandel, Treasurer of State; Jon Husted, Secretary of State; and Michael Sciortino, Mahoning County Auditor.

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

DAVE YOST
Auditor of State

October 2, 2013

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City of Campbell, Mahoning County

Report on the Termination of the City of Campbell
Financial Planning and Supervision Commission

Report on the Termination of the Campbell Financial Planning and Supervision Commission

At the request of the Financial Planning and Supervision Commission (the Commission) of the City of Campbell, Mahoning County, Ohio, as provided by Section 118.27(B) of the Ohio Revised Code, the Auditor of State has performed an analysis in order to determine whether the Commission and its functions under Chapter 118 of the Revised Code should be terminated.

Guidelines for performing such an analysis are set forth in Section 118.27(A) of the Revised Code, which states that:

“A Financial Planning and Supervision Commission with respect to a municipality...and its functions under this chapter shall continue in existence until such time as a determination is made pursuant to division (B) of this section that the municipality has done all of the following: (1) planned, and is in the process of good faith implementation of, an effective financial accounting and reporting system in accordance with Section 118.10 of the Revised Code, and it is reasonably expected that such implementation will be completed within two years; (2) corrected and eliminated or has planned and is in the process of good faith implementation of correcting and eliminating all the fiscal emergency conditions determined pursuant to Section 118.04 of the Revised Code, and no new fiscal emergency conditions have occurred; (3) met the objectives of the financial plan described in Section 118.06 of the Revised Code; and (4) the municipal corporation...prepares a financial forecast for a five-year period in accordance with the standards issued by the Auditor of State...”.

Results of our work under Section 118.27(A) of the Revised Code are as follows:

Pages four through fifteen of the report indicate that the City has effectively implemented a financial accounting and reporting system in accordance with Section 118.10(A) of the Revised Code.

All fiscal emergency conditions have been corrected and eliminated and no new fiscal emergency conditions exist under Section 118.04 of the Revised Code. This analysis can be found beginning on page sixteen.

We have reviewed the objectives of the financial plan and determined that the City has met the objectives in accordance with Section 118.06 of the Revised Code. Specific conclusions can be found on page twenty-one.

We examined and issued a non-adverse report on the five-year forecast prepared by the City. The forecast and our report can be found in Appendix A.

Based on this analysis, the Auditor of State’s Office has determined that the Financial Planning and Supervision Commission and its functions may be terminated.

It is understood that this report’s determination is for the use of the Financial Planning and Supervision Commission of the City of Campbell, the Auditor of State of Ohio, the Governor of Ohio, the Mayor of the City of Campbell, and others as designated by the Auditor of State and is not to be used for any other purpose. Our procedures and findings follow.

City of Campbell, Mahoning County

Report on the Termination of the City of Campbell
Financial Planning and Supervision Commission

Section 1 - Financial Accounting and Reporting System

When a City is placed in fiscal emergency, the Auditor of State is required to report on the effectiveness of the City's financial accounting and reporting system. The Auditor of State, in accordance with Section 118.10(A) of the Revised Code assessed the methods, accuracy, and legality of the accounts, records, files, and reports of the City of Campbell (the City) and issued a Report on Accounting Methods, dated June 22, 2007. The report identified areas where the City's financial accounting and reporting system were not in compliance with Section 117.43 of the Revised Code and the requirements of the Auditor of State.

The criteria for termination of the Commission include a determination by the Auditor of State that an effective financial accounting and reporting system has been implemented, or is in the process of implementation, and is expected to be completed within two years. This determination is based on management providing a summary of the actions taken to address the issues identified in the Report on Accounting Methods. We confirmed whether the actions taken by management were sufficient to correct these issues identified in the Report on Accounting Methods. A summary of each area of noncompliance identified in the Report on Accounting Methods and the status of each corrective action is presented below:

Budgetary System

Auditor of State Comment from Report on Accounting Methods

The City Charter requires that the Mayor be responsible for preparation of a schedule of anticipated expenditures for the next succeeding fiscal year to be presented annually to Council by June 15. He is to advise Council as to the financial condition and needs of the City, including necessary appropriation measures. The Mayor does not comply with the Charter requirement. The Director of Finance determines appropriations.

Implemented

The Mayor presented a "Mayor's Report" to City Council in the beginning of June outlining anticipated revenues and spending for the remainder of 2013 and 2014, including the summarized 2014 appropriations.

Auditor of State Comment from Report on Accounting Methods

The City Charter requires the Director of Finance to compile a schedule of anticipated income for the next succeeding year and submit it to the Mayor and Council by May 15th of each year. He shall assist the Mayor in the preparation of the budget. The Director of Finance does not comply with the Charter requirement. The Director of Finance does not complete a schedule of anticipated income and submit it to the Mayor and Council by May 15.

Implemented

The Director of Finance prepared the schedule of anticipated income for the next succeeding year and submitted the schedule to the Mayor and Council on May 14th.

City of Campbell, Mahoning County

Report on the Termination of the City of Campbell
Financial Planning and Supervision Commission

Auditor of State Comment from Report on Accounting Methods

For 2006 the total amount available from all sources which is available for expenditures and the balances existing at the end of the preceding year were not certified to the County Auditor until August 2006. The Director of Finance should certify to the County Budget Commission the actual unencumbered fund balances early in January of each year.

Implemented

The City certified the unencumbered December 31, 2012 fund balances with the County Budget Commission on January 22, 2013.

Auditor of State Comment from Report on Accounting Methods

The City utilized a revenue estimate prepared by the Director of Finance for estimated resources for 2005 and 2006. The City should have received an Official Certificate of Estimated Resources from the County Auditor's office.

Implemented

The City received an Official Certificate of Estimated Resources on February 24, 2012 for 2012.

Auditor of State Comment from Report on Accounting Methods

Appropriations are not in effect until the County Auditor certifies the total appropriations from each fund do not exceed the Official or Amended Certificate of Estimated Resources. Appropriations are approved by Council; however they were not submitted/certified to the County Auditor.

Implemented

The City now submits Council approved appropriations to the County Auditor for certification and receives a "Do Not Exceed" certificate from the County Auditor.

Chart of Fund and Account Codes

Auditor of State Comment from Report on Accounting Methods

The City does not have a document that describes its chart of accounts. The City should develop a document that explains the account code structure and the meaning of the various dimensions used in the account codes.

Implemented

The City now has a documented chart of accounts that lists the two digit account code, a detailed description of the account name and the full account number for use among departments.

City of Campbell, Mahoning County

Report on the Termination of the City of Campbell
Financial Planning and Supervision Commission

Auditor of State Comment from Report on Accounting Methods

Revenue and expenditure codes do not allow transactions to be summarized by major revenue source or expenditure programs. The revenue and expenditure account codes should be updated in order to capture revenues and expenditures by major revenue source or expenditure program.

Implemented

The City now produces a revenue report, a revenue audit trail report, an expense account report with month-to-date, and an expense audit trail report. These reports allow the City to summarize revenues and expenditures by major revenue source and expenditure program.

Accounting Ledgers

Auditor of State Comment from Report on Accounting Methods

The City does not have written month or year-end closing procedures. These procedures should be documented and maintained in the Finance Department, and should include month-end and year-end distribution of reports.

Implemented

The City has documented both the month-end and year-end closing procedures, including month-end and year-end distribution of reports. These procedures are maintained in the Finance Department.

Auditor of State Comment from Report on Accounting Methods

The City does not maintain backup tapes in a fireproof safe and does not have offsite backup for its computer files. The City should store its back up computer tapes in a fireproof safe or look into securing offsite storage.

Implemented

The City now uses a fireproof safe for storage of computer tapes.

Auditor of State Comment from Report on Accounting Methods

The City does not have disaster recovery plan. The City should develop and implement a disaster recovery plan.

Implemented

The City now has a documented disaster recovery plan on file as of February 2012.

City of Campbell, Mahoning County

Report on the Termination of the City of Campbell
Financial Planning and Supervision Commission

Revenue Activity

Auditor of State Comment from Report on Accounting Methods

The Finance Department does not prepare pay-ins for receipts received in the City, does not post receipts on a daily basis and the Police Chief is not given a receipt when he brings his receipts to the Finance Department. The City should prepare pay-in for all receipts, post receipts on a daily basis, and the Finance Department should issue and give a receipt for all receipts given to the Finance Department.

Implemented

The City is now preparing a pay-in for all receipts, posting the transaction on the day it occurs, and issuing a receipt.

Auditor of State Comment from Report on Accounting Methods

The City does not follow the procedures outlines in Section 1901.026 of the Revised Code for the collection of the proportionate costs of the operations of the Municipal Court. The City should bill Coitsville Township for its share of costs for the operations of the Municipal Court.

Implemented

Based upon an analysis performed of proportionate court costs for both traffic fines and violations for Coitsville Township, the City has determined it will not bill the Township at this time. The City will readdress the costs at a future date to determine if the costs warrant billing the Township.

Auditor of State Comment from Report on Accounting Methods

The Municipal Court does not have procedures to monitor, track and collect fines due on outstanding parking tickets. The Municipal Court should establish a parking bureau and put procedures in place to monitor, track and collect outstanding parking fines.

Implemented

The Municipal Judge estimates that the City of Campbell issues less than 20 parking tickets per year. Due to the small amount of actual tickets being written, the City does not plan on establishing a parking bureau or having additional procedures to monitor parking tickets.

Auditor of State Comment from Report on Accounting Methods

The Clerk of Court writes monthly checks for distribution of monthly municipal court receipts around the twelfth of the month. The receipts to the City are not received until the end of the month. The Clerk of Court should remit the court receipts to the Finance Department shortly after the checks are written and not hold them until the end of the month.

Implemented

The Clerk of Courts remits the court receipts to the Finance Department shortly after writing checks for the City's portion of collected Court fines.

City of Campbell, Mahoning County

Report on the Termination of the City of Campbell
Financial Planning and Supervision Commission

Auditor of State Comment from Report on Accounting Methods

The Mayor determines and sets water rates. Under State Law, the service director is given the authority to set water rates. The City has not provided documentation such as a City Charter provision that allows the Mayor to set the water rates. The City Law Director should research and inform City officials as to who has the authority to set the water rates so that they are properly set.

Implemented

The City passed ordinance 2012-0143 on February 15, 2012, authorizing the Director of Administration to set the water rates for the City of Campbell, pursuant to Section 4.01 of the City Charter.

Purchasing Process

Auditor of State Comment from Report on Accounting Methods

Material requisition forms are sent after a purchase has already been made. They are submitted without a date and without identifying the fund and appropriation account, the appropriation account code, the goods or services being purchased, quantities, unit prices and extended amounts. The material requisition form should be dated, prepared with all the required necessary information on it and approved prior to making the purchase.

Implemented

The material requisition form is now dated, prepared with all necessary information and approved prior to making the purchase.

Auditor of State Comment from Report on Accounting Methods

The original purchase order is not sent to the vendor. The purchase order should be mailed or faxed to the vendor. Purchase orders should be generated and approved before goods or services are ordered. Purchase orders are not used for all expenditures. Purchase orders must have 5705.41(D), Revised Code Certification.

Implemented

The approved original purchase orders are now faxed to the vendor before the goods are ordered and contain the 5705.41(D) Revised Code Certification.

Auditor of State Comment from Report on Accounting Methods

The City does not bid all purchases and contracts over \$1,000 as stated in the Charter. The City should comply with its City Charter and bid all purchases over \$1,000 or amend the Charter.

Implemented

The City now bids all purchases and contracts over \$1,000 per the City Charter.

City of Campbell, Mahoning County

Report on the Termination of the City of Campbell
Financial Planning and Supervision Commission

Auditor of State Comment from Report on Accounting Methods

The City should not issue purchase orders to a vendor until all appropriate information about the vendor is received including an IRS Form W-9 and the Finance Director has approved the use of the new vendor. Vendor approval should be based on a City policy.

Implemented

The City does not issue a purchase order to a vendor until all the appropriate information about the vendor is received, including the IRS Form W-9 information. The Finance Director approves all new vendors and keeps the approval on file in the finance office.

Auditor of State Comment from Report on Accounting Methods

The City does not utilize the Auditor of State Findings for Recovery Database when entering into contracts. Section 9.24, Revised Code, prohibits any state agency or political subdivision from awarding a contract for goods, services, or construction, paid for in whole or in part with State funds, to any person against whom a finding for recovery has been issued by the Auditor of State, if that finding is unresolved.

Implemented

The City reviews the Auditor of State Findings for Recovery Database when entering into contracts. The search results are kept on a clipboard in the Finance Director's office.

Auditor of State Comment from Report on Accounting Methods

The City does not have a formal purchasing policy, and purchasing procedures for the City are not documented. A purchasing policy for the City should be developed, presented to City Council for approval and distributed to all departments. Purchasing procedures should be documented and adhered to by all departments including the Municipal Court.

Implemented

The City has documented its purchasing policy and procedures and has distributed them to all departments.

Cash Disbursements

Auditor of State Comment from Report on Accounting Methods

Disbursements are made from funds without a cash balance sufficient to cover the amount of the obligation. Disbursements should not be made from a fund with an insufficient cash balance.

Implemented

The City's funds have sufficient cash balances to cover disbursements made. This is evidenced by the determination of sufficient cash in all funds from which obligations are paid.

City of Campbell, Mahoning County

Report on the Termination of the City of Campbell
Financial Planning and Supervision Commission

Auditor of State Comment from Report on Accounting Methods

The Clerk of Courts authorizes disbursement without the Director of Finance's signed certificate that the amount required to meet the obligation has been lawfully appropriated and is in the Treasury. The Clerk of Court should request approval to purchase an item or service through the Finance Department before the actual acquisition or obligation of the item or service.

Implemented

The Clerk of Courts now follows the purchasing policy approved by Council with respect to filling out requisition forms and receiving the necessary approvals to complete all transactions.

Auditor of State Comment from Report on Accounting Methods

The City should document the procedures for cash disbursements including the staff positions and their functions. The document should also include procedures for invoices exceeding the purchase order/fiscal officer certification of funds and the use of "Then and Now" certifications. The document should be kept on file in the Director of Finance's office.

Implemented

The City has written procedures for cash disbursements on file in the Finance Director's office which includes staff positions and functions. The procedures also includes procedures for invoices exceeding the purchase order/fiscal officer certification of funds and the use of "Then and Now" certifications.

Payroll Processing

Auditor of State Comment from Report on Accounting Methods

The City does not have written procedures regarding the payroll process. The Director of Finance should document its payroll procedures and maintain them in the Finance office.

Implemented

The City has written procedures in place regarding the process of payroll which are now maintained in the Finance office.

Auditor of State Comment from Report on Accounting Methods

The City does not use individual time sheets for each employee in all departments; therefore, employees are not signing or verifying anything that accounts for time worked. Each employee of the City should complete and sign a timesheet or time card demonstrating time worked for a pay period, and the timesheet should be submitted to the supervisor for approval.

Implemented

In place of employees completing timesheets, the City requires employees to verify and sign the summary of hours worked per department on the summary sheet. The summary sheets are prepared by department heads. The employee and supervisor sign the summary sheets verifying hours worked.

City of Campbell, Mahoning County

Report on the Termination of the City of Campbell
Financial Planning and Supervision Commission

Auditor of State Comment from Report on Accounting Methods

Payroll summary sheets are used by the Finance Department to process payroll. They are being submitted to the Director of Finance without any supporting documentation. Payroll summary sheets should be submitted with the employee's signed and approved timesheet to ensure that employees hours being paid are correct on the payroll summary sheet.

Implemented

The payroll summary sheets are submitted with the employee's signature verifying the correctness of the hours worked.

Auditor of State Comment from Report on Accounting Methods

The employee responsible for recording employees' hours in the Street department does not have a supervisor position and if absent has no backup. When the employee who prepares the payroll summary sheet is absent or on vacation no information is recorded until this employee returns to work. The payroll summary sheet in the Street Department should be completed by the supervisor.

Implemented

The Street supervisor now prepares the payroll summary sheets and a designated backup has been assigned and trained if the supervisor is absent.

Auditor of State Comment from Report on Accounting Methods

The payroll summary sheet does not provide adequate means to allocate employee's hours by fund in departments where employees perform duties that are allocable to more than one fund. The payroll summary sheet should be updated to include space for the allocation of hours by fund, department and object code.

Implemented

The payroll sheets have been updated for the employees who are able to charge more than one fund so that a breakdown of their time working by fund, department and object code is demonstrated.

Auditor of State Comment from Report on Accounting Methods

In various departments, City employees are using leave without filling out a leave request form. Leave forms should be completed by all employees, approved by their supervisor, and should be filed with the payroll records in the Finance Department.

Implemented

The City employees now fill out a standard leave request form that has been developed and distributed to all departments for use. The form is approved by the supervisor and is given to the Finance Department to process and filed with the payroll forms.

City of Campbell, Mahoning County

Report on the Termination of the City of Campbell
Financial Planning and Supervision Commission

Auditor of State Comment from Report on Accounting Methods

Personnel files are not updated with current wages, positions and deduction authorization forms, and are not kept in a secure place in the Director of Finance's office. Personnel files should be updated to contain the most current information for all employees, and the files should be kept in a secured location.

Implemented

The personnel files are now kept in a locked filing cabinet in the computer operator's area within the water department. The office is locked at the conclusion of the business day, every day. The wage rates are controlled and updated through the City wage ordinance or changes to the collectively bargained labor contract. The deduction authorization forms are filed in each employee's personal file.

Auditor of State Comment from Report on Accounting Methods

The employee who processes payroll has access to and is responsible for making rate adjustments and changes to the employee master file. An employee who does not process payroll should make rate adjustments and changes to the employee master file.

Implemented

Due to the limited number of personnel at the City, the City has determined to continue having the computer operator make rate adjustments based upon the changes to the employee master file audit trail report provided by the Finance Director. The Finance Director reviews and verifies that the changes were made as approved.

Auditor of State Comment from Report on Accounting Methods

The City does not have payroll policy. The City should prepare a comprehensive payroll policy which should include leave accruals, overtime, vacation etc.

Implemented

The City passed ordinance 2012-0173 for payroll authorizations which includes leave accruals, overtime and vacation.

Debt Administration

Auditor of State Comment from Report on Accounting Methods

Resolutions or ordinances were not available for any debt issues. When the City issues debt of any kind it should be approved by Council. The copy of the authorizing legislation should be kept with Council minutes and a copy should be contained in the Finance Department.

Implemented

Council now approves all new debt issues and copies are kept in Council minutes and in the Finance Department.

City of Campbell, Mahoning County

Report on the Termination of the City of Campbell
Financial Planning and Supervision Commission

Capital Assets and Supplies Inventory

Auditor of State Comment from Report on Accounting Methods

The City does not have written policies and procedures for accounting for capital assets. The City should prepare and adopt a comprehensive capital asset policy that should address such things as valuing donated assets, assigning salvage values, establishing capitalization thresholds, and determining the estimated useful life of an asset. The City should also prepare written capital asset procedures that includes documentation for each asset and prescribe how accountability will be maintained.

Implemented

The City now has a written comprehensive policy for capital assets and accountability is maintained through inventory change reports submitted to the firm that was hired to maintain the capital asset inventory.

Auditor of State Comment from Report on Accounting Methods

The City does not have policies and procedures to account for consumable inventory. The City should prepare a policy for consumable inventory. The policy should include an annual year-end physical inventory. Procedures for performing the inventory should also be developed, documented and maintained in the office of the Director of Finance.

Implemented

The City has implemented written policies and procedures for capital assets. The policies include methods for valuing donated assets, assigning salvage values, establishing capitalization thresholds, and determining the estimated useful life of an asset. The City now also has procedures for documenting each asset and how each asset will be accounted for and maintained.

Auditor of State Comment from Report on Accounting Methods

The City does not maintain capital assets or inventory records. The City should acquire software and maintain or hire an appraisal firm to maintain accountability over its capital assets.

Implemented

The City has contracted with Industrial Appraisal Company to do a comprehensive inventory of all capital assets within the City and will maintain the inventory moving forward with inventory change reports provided by the City.

Auditor of State Comment from Report on Accounting Methods

The City does not perform an annual inventory of consumable supplies. The City should perform an annual inventory of consumable supplies as close to year end as possible to substantiate its inventory balance at December 31.

Implemented

The City currently does not track internal office supply inventory which is kept at a minimum. The City's street and sewer departments performed an annual inventory of road salt at December 31, 2012.

City of Campbell, Mahoning County

Report on the Termination of the City of Campbell
Financial Planning and Supervision Commission

Cash Management and Investing

Auditor of State Comment from Report on Accounting Methods

The City does not have written policies and procedures for petty cash and change funds. Written procedures should be developed for the petty cash and change funds which include the individual designated as the custodian of the cash and the custodian's duties and responsibilities.

Implemented

The City maintains a utility cash drawer for walk-in water and sewer bill payments. The City now has written procedures for the utility cash drawer and its replenishment as well as the individual designated as the custodian and their duties and responsibilities. The City currently does not have petty cash.

Auditor of State Comment from Report on Accounting Methods

The City does not include the amount of petty cash and changes funds maintained within City offices on the monthly reconciliations. The petty cash and change funds should be included on the City's monthly reconciliation.

Implemented

The City does not use a petty cash fund. There is a utility cash drawer that is maintained for the payment of water and sewer bills. As of February of 2013, this utility drawer's balance is included in the monthly reconciliations.

Auditor of State Comment from Report on Accounting Methods

The City does not have a signed investment policy which addresses interest allocation, and it has not been filed with the State. The City's investment policy should be updated to address the allocation of interest. It should also be signed and filed with the State in accordance with Ohio Revised Code, Section 135.14(O)(1).

Implemented

The City has a signed investment policy which addresses interest allocation on file with the Auditor of State's office in accordance with Ohio Revised Code, Section 135.14(O)(1).

Financial Reporting

Auditor of State Comment from Report on Accounting Methods

In accordance with Section 117.38, Revised Code, the City should file its financial statements prepared in accordance with general accepted accounting principles (GAAP) with the Auditor of State within one hundred and fifty days after the close of the year. At the time the report is filed with the Auditor of State, the Director of Finance must publish in the newspaper notice of the completion of the report and that the report is available for inspection. The City does not file GAAP financial statements.

City of Campbell, Mahoning County

Report on the Termination of the City of Campbell
Financial Planning and Supervision Commission

Implemented

The City prepared and filed its annual GAAP financial statements in accordance with Section 117.38, Revised Code on June 28, 2013. The City requested and received a 30 day extension on the May 30, 2013 filing deadline. The City published in the newspaper a notice of the completion of the report and that the report is available for inspection.

Recording Official Proceedings

Auditor of State Comment from Report on Accounting Methods

Minutes do not include resolution or ordinance numbers, do not reference reports, handouts or other materials handed out. Handouts are not maintained with the minutes. The minutes are bound and put in a binder; however, the binder does not include an index.

Minutes should be typed on pre-numbered pages and should include an index when placed in binders. They should include the ordinance or resolution number and should reflect whether or not the ordinance or resolution passed or failed. The minutes should also include copies of reports, handouts, and packets provided to Council and should be referenced in, or incorporated as an attachment to, the minutes.

Implemented

Minutes are typed on pre-numbered pages and include an index when placed in binders. They include the ordinance or resolution number and reflect whether or not the ordinance or resolution passed or failed. The minutes also include copies of reports, handouts, and packets provided to Council and are referenced in, or incorporated as an attachment to, the minutes.

Auditor of State Comment from Report on Accounting Methods

Article II, section 2.06 provides that every ordinance or resolution introduced in the Council shall bear the name or names of the person or persons sponsoring the ordinance or resolution. Resolutions and ordinances should include of the name or names of the person sponsoring it.

Implemented

The minutes now include the name or names of the persons sponsoring the ordinance or resolution.

Auditor of State Comment from Report on Accounting Methods

The minutes do not reflect discussions of each report or handouts provided or discussed. The City's minutes should reflect full and accurate information to permit the public's understanding and appreciation of the rationale behind the Council's decisions.

Implemented

The minutes reflect the discussions of reports or handouts. Reports submitted to Council are maintained in a separate binder located in the Clerk of Courts office.

City of Campbell, Mahoning County

Report on the Termination of the City of Campbell
Financial Planning and Supervision Commission

Audit Report and Management Letters

The City Council and Officials receive a compliance and management letter at the conclusion of each annual audit that identified a number of noncompliance issues and several recommendations.

Several of the noncompliance items and recommendations from the recently released audit were also addressed in the Report on Accounting Methods discussed earlier in this section of the report. The City is in the process of correcting the remaining issues identified in the audit. Verification of the resolution of these issues will be confirmed in the City's next audit. The remaining issues are not issues that would prevent termination of the Financial Planning and Supervision Commission.

Section 2 - Correction of Fiscal Emergency Conditions and Current Existence of Fiscal Emergency Conditions

Under Section 118.27(A)(2) of the Ohio Revised Code, the City shall have corrected or eliminated or have planned and be in the process of good faith implementation of actions to correct and eliminate all of the fiscal emergency conditions that existed when declared in fiscal emergency and no new fiscal emergency conditions have occurred in order to be terminated from fiscal emergency. Our analysis of the six fiscal emergency conditions described in Section 118 of the Revised Code is presented below:

Condition One - Default on Any Debt Obligation

Section 118.03(A)(1) of the Revised Code defines a fiscal emergency condition as:

The existence, at the time of the determination by the Auditor of State under Section 118.04 of the Revised Code, of a default on any debt obligation for more than thirty days.

A summary of the City's outstanding debt as of December 31, 2012, is as follows:

<u>Debt Issue</u>	<u>Year Issued</u>	<u>Interest Rate</u>	<u>Issue Amount</u>
OWDA Loans			
Water Treatment Plant A	2004	5.54%	\$2,251,208
Water Treatment Plant B	2004	5.16	170,209
OPWC Loan			
Liberty Street Water Storage Tank	2005	0.00	809,670
Wilson Avenue and 13th Street Sanitary	2011	0.00	101,204
Police and Fire Pension	1993	1.65	709,522

We reviewed the outstanding indebtedness as of December 31, 2012. The City had \$2,437,940 in outstanding debt at December 31, 2012, and had made all debt payments due as of that date.

Conclusion: A fiscal emergency condition does not exist under Section 118.03(A)(1) of the Revised Code. No default on any debt obligation for more than thirty days existed at December 31, 2012.

City of Campbell, Mahoning County

Report on the Termination of the City of Campbell
Financial Planning and Supervision Commission

Condition Two - Payment of All Payroll

Section 118.03(A)(2) of the Revised Code defines a fiscal emergency condition as:

The existence, at the time of the determination by the Auditor of State under Section 118.04 of the Revised Code, of a failure for lack of cash in the funds to make payment of all payroll to employees of the municipal corporation in the amounts and at the times required by laws, ordinances, resolutions, or agreements, which failure of payment has continued:

- a. For more than thirty days after such time for payment, or
- b. Beyond a period of extension, or beyond the expiration of ninety days from the original time for payment, whichever first occurs, if the time for payment has been extended for more than thirty days by the written consent of at least two-thirds of the employees affected by such failure to pay, acting individually or by their duly authorized representatives.

We reviewed the payroll records of the City as of December 31, 2012. We reviewed Council minutes, ordinances, resolutions and had discussions with the Finance Director to determine the employees of the City, pay rates, frequency of payroll, and whether any extensions for the payment of payroll existed. We reviewed the payroll reports and the payroll bank statement to determine whether City employees had been paid within the time specified by Sections 118.03(A)(2)(a) and (b) of the Revised Code. We determined that adequate cash was in the bank account and fund balances to cover payroll.

Conclusion: A fiscal emergency condition does not exist under Section 118.03(A)(2) of the Revised Code as of December 31, 2012. All employees had been paid in amounts and at the times required by ordinance.

Condition Three - Increase in Minimum Tax Levy

Section 118.03(A)(3) of the Revised Code defines a fiscal emergency condition as:

An increase, by action of the county budget commission pursuant to division (D) of Section 5705.31 of the Revised Code, in the minimum levy of the municipal corporation for the current or next fiscal year which results in a reduction in the minimum levies for one or more other subdivisions or taxing districts.

We confirmed with the Mahoning County Budget Commission whether there had been an increase, pursuant to division (D) of Section 5705.31 of the Revised Code, in the minimum levy of the City for 2012, which resulted in a reduction in the minimum levies for one or more other subdivisions or taxing districts. The confirmation received from the Mahoning County Budget Commission indicated that the Commission had not taken any action for tax year 2012 to increase the inside millage of the City.

Conclusion: A fiscal emergency condition does not exist under Section 118.03(A)(3) of the Revised Code as of December 31, 2012.

City of Campbell, Mahoning County

Report on the Termination of the City of Campbell
Financial Planning and Supervision Commission

Condition Four - Past Due Accounts Payable from the General Fund and all Funds

Section 118.03(A)(4) of the Revised Code defines a fiscal emergency condition as:

The existence of a condition in which all accounts that, at the end of its preceding fiscal year, were due and payable from the general fund and that either had been due and payable at least thirty days at the end of the fiscal year or to which a penalty has been added for failure to pay by the end of the fiscal year, including, but not limited to, final judgments, fringe benefits payments due and payable, and amounts due and payable to persons and other governmental entities and including any interest and penalties thereon, less the year end balance in the general fund, exceeded one-sixth of the general fund budget for the year, or in which all accounts that, at the end of its preceding fiscal year, were due and payable from all funds of the municipal corporation and that either had been due and payable for at least thirty days at the end of the fiscal year or to which a penalty has been added for failure to pay by the end of the fiscal year, less the year end balance in the general fund and in the respective special funds lawfully available to pay such accounts, excluded one-sixth of the available revenues during the preceding fiscal year, excluding nonrecurring receipts, of the general fund and of all special funds from which such accounts lawfully are payable.

We prepared a schedule of accounts payable as of December 31, 2012, that were due and payable from the general fund, and that were due and payable for at least thirty days or to which a penalty had been added for failure to pay as of December 31, 2012, including, but not limited to, final judgments, fringe benefits payments due and payable, and amounts due and payable to persons and other governmental entities including any interest and penalties. From this amount, we subtracted the year-end fund balance available in the general fund to determine if the accounts payable in excess of the available fund balance exceeded one-sixth of the general fund budget for that year.

Schedule I

General Fund Accounts Payable Over 30 Days Past Due
Ohio Revised Code Section 118.03(A)(4)
As of December 31, 2012

	Payable Over 30 Days Past Due	Fund Balance Available	Balance Available in Excess of Payables
General Fund	\$226	\$1,099,754	\$1,099,528

From the invoices provided to us, a schedule of accounts payable was prepared (as defined above) for all funds which were at least thirty days past due or to which a penalty was added as of December 31, 2012. From this amount, we subtracted the year-end fund balance available to pay such outstanding bills. Since the available fund balance exceeded the accounts payable, no further calculations were necessary.

City of Campbell, Mahoning County

Report on the Termination of the City of Campbell
Financial Planning and Supervision Commission

Schedule II

Accounts Payable From All Funds Over 30 Days Past Due

Ohio Revised Code Section 118.03(A)(4)

As of December 31, 2012

	Payable Over 30 Days Past Due	Fund Balance Available	Balance Available in Excess of Payables
General Fund	\$226	\$1,099,754	\$1,099,528

Conclusion: Schedules I and II indicates that a fiscal emergency condition does not exist under Section 118.03(A)(4) of the Ohio existed Code as of December 31, 2012. The general fund accounts payable which were at least thirty days past-due did not exceed the general fund available balance.

Condition Five - Deficit Fund Balances

Section 118.03(A)(5) of the Revised Code defines a fiscal emergency condition as:

The existence of a condition in which the aggregate of deficit amounts of all deficit funds at the end of its preceding fiscal year, less the total of any year end balance in the general fund and in any special fund that may be transferred as provided in Section 5705.14 of the Revised Code to meet such deficit, exceeded one-sixth of the total of the general fund budget for that year and the receipts to those deficit funds during that year other than from transfers from the general fund.

We computed the adjusted aggregate sum of all deficit funds at December 31, 2012, by subtracting all accounts payable and encumbrances from the year end cash fund balance of each fund. We then determined if the aggregate deficit fund balance exceeded one-sixth of the fund receipts of those deficit funds.

Conclusion: A fiscal emergency condition does not exist under Section 118.03(A)(5) of the Revised Code. There were no deficit fund balances at December 31, 2012.

Condition Six - Treasury Balances

Section 118.03(A)(6) of the Revised Code defines a fiscal emergency condition as:

The existence of a condition in which, at the end of the preceding fiscal year, moneys and marketable investments in or held for the unsegregated treasury of the municipal corporation minus outstanding checks and warrants were less in amount than the aggregate of the positive balances of the general fund and those special funds the purposes of which the unsegregated treasury is held to meet and such deficiency exceeded one-sixth of the total amount received into the unsegregated treasury during the preceding fiscal year.

We verified the City's reconciled bank balance to its cash summary by fund for all funds as of December 31, 2012, which included subtracting reconciling factors to arrive at the treasury balance. We then determined the aggregate sum of all positive fund cash balances, the purpose of which the unsegregated treasury is held to meet, to determine the treasury deficit. No further calculations were necessary because the treasury balance equaled the sum of all fund cash balances.

City of Campbell, Mahoning County

Report on the Termination of the City of Campbell
Financial Planning and Supervision Commission

Schedule III

Treasury Balances
Ohio Revised Code Section 118.03(A)(6)
As of December 31, 2012

	Amounts at December 31, 2012
Bank Cash Balance	
Payroll Account	\$154,860
General Account	2,505,782
CDBG Account	1,994
Direct Deposit Account	99,974
Revolving Loan Account	1
Money Market Account	1,002,283
<i>Total Bank Cash</i>	<u>3,764,894</u>
<i>Adjustments for:</i>	
Outstanding Checks	(93,112)
Void	(3,862)
Other	413
<i>Total Adjustments</i>	<u>(96,561)</u>
<i>Total Treasury Balance</i>	<u>3,668,333</u>
Less: Positive Cash Fund Balances	
General	1,099,754
Safety Forces Levy	31,713
Park Fund	131,587
State Issue II	8,245
Aging	2,346
FEMA Fund	437
Street	15,311
State Highway	145,415
Probation Services	276,017
Law Enforcement Trust Fund	19,232
Recycling	34,134
Police Pension	2,198
Fire Pension	14,925
Permissive Tax	141,009
Storm Water Management	304,393
Community Development	30,120
CDBG	9,001
Land Revitalization	928
Capital Improvement	688,993
Parks Improvement	5,756
Workers' Compensation Self Insurance	325
Infrastructure/Equipment	90,941
Water	59,050
Escrow	44,597
Service	8,450
Revolving Loan	128
Law Enforcement Trust	17,457

City of Campbell, Mahoning County

Report on the Termination of the City of Campbell
Financial Planning and Supervision Commission

Schedule III

Treasury Balances
Ohio Revised Code Section 118.03(A)(6)
As of December 31, 2012

	Amounts at December 31, 2012
Less: Positive Cash Fund Balances	
County Sewer	\$251,786
COBRA	1,676
Unclaimed Monies	13,448
Stale Check	50
Court Computer	14,518
Court Legal Research	13,254
Indigent Drivers	4,086
Court Capital Improvement	165,728
YMHA Police Patrol	21,325
Total Positive Balances	<u>3,668,333</u>
Treasury Deficiency	<u><u>\$0</u></u>

Conclusion: A fiscal emergency condition does not exist under Section 118.03(A)(6) of the Revised Code as of December 31, 2012. The treasury balance less the positive fund cash balances as of December 31, 2012, did not exceed one-sixth of the treasury receipts for the year.

Section 3 - Financial Plan Objectives

We obtained a copy of the financial plan of the City and determined whether the objectives of the plan have been met. Those objectives identified in the financial plan include the following:

- 1) Eliminate the fiscal emergency conditions which were determined by the Auditor of State, pursuant to Section 118.04 of the Revised Code;
- 2) Balance the budgets, avoid future deficits in any fund, and maintain current payments of all accounts;
- 3) Develop an effective financial accounting and reporting system; and
- 4) Prepare a financial forecast for a five-year period in accordance with the standards issued by the Auditor of State.

All objectives of the financial plan have been met.

Section 4 - Financial Forecast

Financial forecasting is an important management tool to assist the City in making sound financial decisions for avoiding a fiscal crisis in the future. A five-year forecast is required under Section 118.27(A)(4) of the Revised Code. After examining the financial forecast, the Auditor of State rendered a non-adverse report. The financial forecast is contained in Appendix A.

City of Campbell, Mahoning County

Report on the Termination of the City of Campbell
Financial Planning and Supervision Commission

DISCLAIMER

Because the preceding procedures were not sufficient to constitute an audit made in accordance with generally accepted auditing standards, we do not express an opinion on any of the specific accounts and fund balances referred to above. Had we performed additional procedures or had we made an audit of the financial statements in accordance with generally accepted auditing standards, other matters might have come to our attention that would have been reported herein.

APPENDIX A

**City of Campbell
Mahoning County**

Financial Forecast

For the Years Ending December 31, 2013 through December 31, 2017

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City of Campbell, Ohio

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Dave Yost • Auditor of State

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

Based upon the requirement set forth in section 118.27(A)(4) of the Ohio Revised Code, the Local Government Services Section of the Auditor of State's Office has examined the accompanying forecasted statements of revenues, expenditures, expenses, and changes in fund balance of the various funds of the City of Campbell, for the five years ending December 31, 2017. These statements are presented on the budget basis of accounting used by the City of Campbell rather than on generally accepted accounting principles. The City of Campbell's management is responsible for the forecast. Our responsibility is to determine whether the City has met the criteria that allows for the fiscal emergency to be terminated.

Based on our examination of the accompanying forecast, there is nothing in the forecast nor has anything come to our attention that indicates the fiscal emergency should not be terminated. However, some assumptions inevitably will not materialize and unanticipated events and circumstances may occur; therefore, the actual results of operations during the forecast period will vary from the forecast and the variations may be material.

This report is intended solely for the use of the City of Campbell and the Financial Planning and Supervision Commission of Campbell and should not be used for any other purpose. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

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

DAVE YOST
Auditor of State

September 5, 2013

City of Campbell, Mahoning County
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget Basis
For the Years Ended December 31, 2010, Through 2012, Actual
and Ending December 31, 2013, Through 2017, Forecasted
General Fund

	2010 Actual	2011 Actual	2012 Actual
Revenues			
Property Taxes	\$176,000	\$366,000	\$311,000
Municipal Income Tax	1,391,000	1,532,000	1,622,000
Intergovernmental	396,000	379,000	307,000
Fees, Licenses and Permits	148,000	199,000	233,000
Fines and Forfeitures	252,000	255,000	261,000
Investment Income	3,000	3,000	3,000
Other	61,000	171,000	108,000
Total Revenues	2,427,000	2,905,000	2,845,000
Expenditures			
Current:			
General Government			
Mayor			
Personal Services	36,000	33,000	34,000
Fringe Benefits	17,000	17,000	14,000
Contractual Services	1,000	2,000	2,000
Supplies and Materials	0	1,000	1,000
Other	1,000	1,000	1,000
Total Mayor	55,000	54,000	52,000
Council			
Personal Services	30,000	30,000	28,000
Fringe Benefits	49,000	50,000	35,000
Contractual Services	3,000	7,000	14,000
Supplies and Materials	0	0	1,000
Other	0	1,000	2,000
Total Council	82,000	88,000	80,000
Court			
Personal Services	120,000	114,000	117,000
Fringe Benefits	91,000	80,000	87,000
Contractual Services	9,000	9,000	10,000
Supplies and Materials	5,000	6,000	6,000
Total Court	\$225,000	\$209,000	\$220,000

2013 Forecasted	2014 Forecasted	2015 Forecasted	2016 Forecasted	2017 Forecasted
\$304,000	\$304,000	\$304,000	\$304,000	\$304,000
1,460,000	1,460,000	1,460,000	1,460,000	1,460,000
334,000	312,000	312,000	312,000	312,000
241,000	241,000	241,000	241,000	241,000
255,000	255,000	255,000	255,000	255,000
3,000	3,000	3,000	3,000	3,000
84,000	63,000	63,000	63,000	63,000
<u>2,681,000</u>	<u>2,638,000</u>	<u>2,638,000</u>	<u>2,638,000</u>	<u>2,638,000</u>
35,000	35,000	35,000	35,000	35,000
15,000	16,000	17,000	17,000	18,000
2,000	2,000	2,000	2,000	2,000
1,000	1,000	1,000	1,000	1,000
1,000	1,000	1,000	1,000	1,000
<u>54,000</u>	<u>55,000</u>	<u>56,000</u>	<u>56,000</u>	<u>57,000</u>
28,000	28,000	28,000	28,000	28,000
37,000	16,000	17,000	18,000	19,000
8,000	8,000	8,000	8,000	9,000
1,000	1,000	1,000	1,000	1,000
1,000	1,000	1,000	1,000	1,000
<u>75,000</u>	<u>54,000</u>	<u>55,000</u>	<u>56,000</u>	<u>58,000</u>
121,000	121,000	121,000	121,000	121,000
90,000	95,000	99,000	104,000	109,000
9,000	9,000	9,000	10,000	10,000
6,000	6,000	6,000	6,000	6,000
<u>\$226,000</u>	<u>\$231,000</u>	<u>\$235,000</u>	<u>\$241,000</u>	<u>\$246,000</u>

(continued)

City of Campbell, Mahoning County
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget Basis
For the Years Ended December 31, 2010, Through 2012, Actual
and Ending December 31, 2013, Through 2017, Forecasted
General Fund (continued)

	2010 Actual	2011 Actual	2012 Actual
Finance Department			
Personal Services	\$68,000	\$67,000	\$94,000
Fringe Benefits	36,000	39,000	50,000
Contractual Services	71,000	68,000	68,000
Supplies and Materials	3,000	5,000	5,000
Capital Outlay	2,000	15,000	2,000
Other	5,000	0	0
Total Finance Department	<u>185,000</u>	<u>194,000</u>	<u>219,000</u>
Administration			
Personal Services	43,000	49,000	47,000
Fringe Benefits	62,000	65,000	78,000
Contractual Services	261,000	329,000	288,000
Supplies and Materials	14,000	4,000	2,000
Capital Outlay	12,000	8,000	6,000
Other	41,000	93,000	79,000
Total Administration	<u>433,000</u>	<u>548,000</u>	<u>500,000</u>
Civil Service			
Personal Services	2,000	2,000	2,000
Fringe Benefits	0	0	0
Contractual Services	3,000	5,000	4,000
Total Civil Service	<u>5,000</u>	<u>7,000</u>	<u>6,000</u>
Law Department			
Personal Services	19,000	19,000	19,000
Fringe Benefits	20,000	19,000	9,000
Contractual Services	0	1,000	1,000
Total Law Department	<u>39,000</u>	<u>39,000</u>	<u>29,000</u>
Total General Government	<u>1,024,000</u>	<u>1,139,000</u>	<u>1,106,000</u>
Security of Persons and Property			
Police			
Personal Services	463,000	511,000	541,000
Fringe Benefits	312,000	348,000	312,000
Contractual Services	68,000	85,000	93,000
Supplies and Materials	31,000	44,000	45,000
Capital Outlay	5,000	9,000	5,000
Other	1,000	1,000	1,000
Total Police	<u>\$880,000</u>	<u>\$998,000</u>	<u>\$997,000</u>

2013 Forecasted	2014 Forecasted	2015 Forecasted	2016 Forecasted	2017 Forecasted
\$76,000	\$76,000	\$76,000	\$76,000	\$76,000
42,000	44,000	46,000	49,000	51,000
69,000	70,000	72,000	73,000	75,000
4,000	4,000	4,000	4,000	4,000
2,000	2,000	2,000	2,000	2,000
1,000	1,000	1,000	1,000	1,000
<u>194,000</u>	<u>197,000</u>	<u>201,000</u>	<u>205,000</u>	<u>209,000</u>
47,000	47,000	47,000	47,000	47,000
70,000	72,000	74,000	76,000	79,000
293,000	299,000	305,000	311,000	317,000
2,000	2,000	2,000	2,000	2,000
9,000	9,000	9,000	9,000	9,000
166,000	166,000	166,000	166,000	166,000
<u>587,000</u>	<u>595,000</u>	<u>603,000</u>	<u>611,000</u>	<u>620,000</u>
2,000	2,000	2,000	2,000	2,000
1,000	1,000	1,000	1,000	1,000
4,000	4,000	4,000	4,000	4,000
<u>7,000</u>	<u>7,000</u>	<u>7,000</u>	<u>7,000</u>	<u>7,000</u>
19,000	19,000	19,000	19,000	19,000
10,000	11,000	11,000	12,000	12,000
1,000	1,000	1,000	1,000	1,000
<u>30,000</u>	<u>31,000</u>	<u>31,000</u>	<u>32,000</u>	<u>32,000</u>
<u>1,173,000</u>	<u>1,170,000</u>	<u>1,188,000</u>	<u>1,208,000</u>	<u>1,229,000</u>
670,000	642,000	642,000	642,000	642,000
320,000	336,000	353,000	370,000	389,000
77,000	79,000	80,000	82,000	83,000
40,000	41,000	42,000	42,000	43,000
7,000	7,000	7,000	7,000	7,000
1,000	1,000	1,000	1,000	1,000
<u>\$1,115,000</u>	<u>\$1,106,000</u>	<u>\$1,125,000</u>	<u>\$1,144,000</u>	<u>\$1,165,000</u>

(continued)

City of Campbell, Mahoning County
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget Basis
For the Years Ended December 31, 2010, Through 2012, Actual
and Ending December 31, 2013, Through 2017, Forecasted
General Fund (continued)

	2010 Actual	2011 Actual	2012 Actual
Fire			
Personal Services	\$154,000	\$172,000	\$223,000
Fringe Benefits	127,000	159,000	156,000
Contractual Services	11,000	17,000	33,000
Supplies and Materials	3,000	4,000	6,000
Capital Outlay	62,000	7,000	48,000
Other	1,000	2,000	3,000
Total Fire	<u>358,000</u>	<u>361,000</u>	<u>469,000</u>
Total Security of Persons and Property	<u>1,238,000</u>	<u>1,359,000</u>	<u>1,466,000</u>
Debt Service			
Principal Retirement	103,000	109,000	116,000
Interest and Fiscal Charges	19,000	13,000	6,000
Total Debt Service	<u>122,000</u>	<u>122,000</u>	<u>122,000</u>
Total Expenditures	<u>2,384,000</u>	<u>2,620,000</u>	<u>2,694,000</u>
Excess of Revenues Over/(Under) Expenditures	<u>43,000</u>	<u>285,000</u>	<u>151,000</u>
Other Financing Sources (Uses)			
Advances In	0	0	0
Advances Out	0	0	(97,000)
Transfers In	0	0	20,000
Transfers Out	<u>(13,000)</u>	<u>(13,000)</u>	<u>(58,000)</u>
Total Other Financing Sources (Uses)	<u>(13,000)</u>	<u>(13,000)</u>	<u>(135,000)</u>
Changes in Fund Balance	30,000	272,000	16,000
Fund Balance Beginning of Year	<u>782,000</u>	<u>812,000</u>	<u>1,084,000</u>
Fund Balance End of Year	<u><u>\$812,000</u></u>	<u><u>\$1,084,000</u></u>	<u><u>\$1,100,000</u></u>

2013 Forecasted	2014 Forecasted	2015 Forecasted	2016 Forecasted	2017 Forecasted
\$243,000	\$197,000	\$197,000	\$197,000	\$197,000
165,000	173,000	182,000	191,000	201,000
20,000	20,000	21,000	21,000	22,000
4,000	4,000	4,000	4,000	4,000
20,000	20,000	20,000	20,000	20,000
2,000	2,000	2,000	2,000	2,000
<u>454,000</u>	<u>416,000</u>	<u>426,000</u>	<u>435,000</u>	<u>446,000</u>
<u>1,569,000</u>	<u>1,522,000</u>	<u>1,551,000</u>	<u>1,579,000</u>	<u>1,611,000</u>
0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
0	0	0	0	0
<u>2,742,000</u>	<u>2,692,000</u>	<u>2,739,000</u>	<u>2,787,000</u>	<u>2,840,000</u>
<u>(61,000)</u>	<u>(54,000)</u>	<u>(101,000)</u>	<u>(149,000)</u>	<u>(202,000)</u>
97,000	0	0	0	0
0	0	0	0	0
0	0	0	0	0
<u>(30,000)</u>	<u>(30,000)</u>	<u>(30,000)</u>	<u>(30,000)</u>	<u>(30,000)</u>
<u>67,000</u>	<u>(30,000)</u>	<u>(30,000)</u>	<u>(30,000)</u>	<u>(30,000)</u>
6,000	(84,000)	(131,000)	(179,000)	(232,000)
<u>1,100,000</u>	<u>1,106,000</u>	<u>1,022,000</u>	<u>891,000</u>	<u>712,000</u>
<u>\$1,106,000</u>	<u>\$1,022,000</u>	<u>\$891,000</u>	<u>\$712,000</u>	<u>\$480,000</u>

City of Campbell, Mahoning County
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget Basis
For the Years Ended December 31, 2010, Through 2012, Actual
and Ending December 31, 2013, Through 2017, Forecasted
Area on Aging Fund

	2010 Actual	2011 Actual	2012 Actual
Revenues			
Intergovernmental	\$10,000	\$11,000	\$9,000
Donations	0	0	1,000
Total Revenues	10,000	11,000	10,000
Expenditures			
Current:			
Community Development			
Personal Services	10,000	10,000	11,000
Fringe Benefits	14,000	14,000	15,000
Contractual Services	3,000	2,000	2,000
Supplies and Materials	2,000	4,000	1,000
Total Expenditures	29,000	30,000	29,000
Excess of Revenues Under Expenditures	(19,000)	(19,000)	(19,000)
Other Financing Sources			
Transfers In	13,000	13,000	28,000
Changes in Fund Balance	(6,000)	(6,000)	9,000
Fund Balance (Deficit) Beginning of Year	6,000	0	(6,000)
Fund Balance (Deficit) End of Year	\$0	(\$6,000)	\$3,000

<u>2013</u> <u>Forecasted</u>	<u>2014</u> <u>Forecasted</u>	<u>2015</u> <u>Forecasted</u>	<u>2016</u> <u>Forecasted</u>	<u>2017</u> <u>Forecasted</u>
\$2,000	\$0	\$0	\$0	\$0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>2,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
2,000	0	0	0	0
1,000	0	0	0	0
1,000	0	0	0	0
<u>1,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>5,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
(3,000)	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
(3,000)	0	0	0	0
<u>3,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

City of Campbell, Mahoning County
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget Basis
For the Years Ended December 31, 2010, Through 2012, Actual
and Ending December 31, 2013, Through 2017, Forecasted
Street, Construction, Maintenance and Repair Fund

	2010 Actual	2011 Actual	2012 Actual
Revenues			
Property Taxes	\$0	\$0	\$0
Intergovernmental	299,000	287,000	269,000
Other	0	0	6,000
Total Revenues	299,000	287,000	275,000
Expenditures			
Current:			
Transportation			
Personal Services	134,000	122,000	119,000
Fringe Benefits	105,000	85,000	83,000
Contractual Services	33,000	40,000	38,000
Supplies and Materials	27,000	49,000	27,000
Capital Outlay	1,000	8,000	2,000
Other	0	1,000	1,000
Total Expenditures	300,000	305,000	270,000
Changes in Fund Balance	(1,000)	(18,000)	5,000
Fund Balance Beginning of Year	29,000	28,000	10,000
Fund Balance End of Year	\$28,000	\$10,000	\$15,000

<u>2013</u> <u>Forecasted</u>	<u>2014</u> <u>Forecasted</u>	<u>2015</u> <u>Forecasted</u>	<u>2016</u> <u>Forecasted</u>	<u>2017</u> <u>Forecasted</u>
\$150,000	\$150,000	\$150,000	\$150,000	\$150,000
310,000	310,000	310,000	310,000	310,000
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>460,000</u>	<u>460,000</u>	<u>460,000</u>	<u>460,000</u>	<u>460,000</u>
136,000	136,000	136,000	136,000	136,000
102,000	107,000	113,000	118,000	124,000
60,000	61,000	62,000	64,000	65,000
126,000	129,000	131,000	134,000	136,000
2,000	2,000	2,000	2,000	2,000
<u>6,000</u>	<u>6,000</u>	<u>6,000</u>	<u>6,000</u>	<u>6,000</u>
<u>432,000</u>	<u>441,000</u>	<u>450,000</u>	<u>460,000</u>	<u>469,000</u>
28,000	19,000	10,000	0	(9,000)
<u>15,000</u>	<u>43,000</u>	<u>62,000</u>	<u>72,000</u>	<u>72,000</u>
<u>\$43,000</u>	<u>\$62,000</u>	<u>\$72,000</u>	<u>\$72,000</u>	<u>\$63,000</u>

City of Campbell, Mahoning County
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget Basis
For the Years Ended December 31, 2010, Through 2012, Actual
and Ending December 31, 2013, Through 2017, Forecasted
State Highway Fund

	2010 Actual	2011 Actual	2012 Actual
Revenues			
Intergovernmental	\$24,000	\$43,000	\$22,000
Investment Income	1,000	0	0
Total Revenues	<u>25,000</u>	<u>43,000</u>	<u>22,000</u>
Expenditures			
Current:			
Transportation			
Contractual Services	0	0	10,000
Supplies and Materials	8,000	4,000	34,000
Total Transportation	<u>8,000</u>	<u>4,000</u>	<u>44,000</u>
Total Expenditures	<u>8,000</u>	<u>4,000</u>	<u>44,000</u>
Changes in Fund Balance	17,000	39,000	(22,000)
Fund Balance Beginning of Year	<u>111,000</u>	<u>128,000</u>	<u>167,000</u>
Fund Balance End of Year	<u><u>\$128,000</u></u>	<u><u>\$167,000</u></u>	<u><u>\$145,000</u></u>

<u>2013</u> <u>Forecasted</u>	<u>2014</u> <u>Forecasted</u>	<u>2015</u> <u>Forecasted</u>	<u>2016</u> <u>Forecasted</u>	<u>2017</u> <u>Forecasted</u>
\$22,000	\$22,000	\$22,000	\$22,000	\$22,000
0	0	0	0	0
<u>22,000</u>	<u>22,000</u>	<u>22,000</u>	<u>22,000</u>	<u>22,000</u>
1,000	1,000	1,000	1,000	1,000
<u>22,000</u>	<u>22,000</u>	<u>23,000</u>	<u>23,000</u>	<u>24,000</u>
<u>23,000</u>	<u>23,000</u>	<u>24,000</u>	<u>24,000</u>	<u>25,000</u>
<u>23,000</u>	<u>23,000</u>	<u>24,000</u>	<u>24,000</u>	<u>25,000</u>
(1,000)	(1,000)	(2,000)	(2,000)	(3,000)
<u>145,000</u>	<u>144,000</u>	<u>143,000</u>	<u>141,000</u>	<u>139,000</u>
<u>\$144,000</u>	<u>\$143,000</u>	<u>\$141,000</u>	<u>\$139,000</u>	<u>\$136,000</u>

City of Campbell, Mahoning County
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget Basis
For the Years Ended December 31, 2010, Through 2012, Actual
and Ending December 31, 2013, Through 2017, Forecasted
Court Legal Research Fund

	2010 Actual	2011 Actual	2012 Actual
Revenues			
Fines and Forfeitures	\$2,000	\$2,000	\$2,000
Expenditures			
Current:			
General Government			
Other	1,000	0	0
Changes in Fund Balance	1,000	2,000	2,000
Fund Balance Beginning of Year	8,000	9,000	11,000
Fund Balance End of Year	\$9,000	\$11,000	\$13,000

<u>2013</u> <u>Forecasted</u>	<u>2014</u> <u>Forecasted</u>	<u>2015</u> <u>Forecasted</u>	<u>2016</u> <u>Forecasted</u>	<u>2017</u> <u>Forecasted</u>
\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
1,000	1,000	1,000	1,000	1,000
1,000	1,000	1,000	1,000	1,000
13,000	14,000	15,000	16,000	17,000
<u>\$14,000</u>	<u>\$15,000</u>	<u>\$16,000</u>	<u>\$17,000</u>	<u>\$18,000</u>

City of Campbell, Mahoning County
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget Basis
For the Years Ended December 31, 2010, Through 2012, Actual
and Ending December 31, 2013, Through 2017, Forecasted
State Issue II Fund

	2010 Actual	2011 Actual	2012 Actual
Revenues			
Intergovernmental	\$16,000	\$3,000	\$15,000
Expenditures			
Capital Outlay	0	6,000	27,000
Changes in Fund Balance	16,000	(3,000)	(12,000)
Fund Balance Beginning of Year	7,000	23,000	20,000
Fund Balance End of Year	<u>\$23,000</u>	<u>\$20,000</u>	<u>\$8,000</u>

<u>2013</u> <u>Forecasted</u>	<u>2014</u> <u>Forecasted</u>	<u>2015</u> <u>Forecasted</u>	<u>2016</u> <u>Forecasted</u>	<u>2017</u> <u>Forecasted</u>
\$11,000	\$11,000	\$11,000	\$11,000	\$11,000
<u>11,000</u>	<u>11,000</u>	<u>11,000</u>	<u>11,000</u>	<u>11,000</u>
0	0	0	0	0
<u>8,000</u>	<u>8,000</u>	<u>8,000</u>	<u>8,000</u>	<u>8,000</u>
<u>\$8,000</u>	<u>\$8,000</u>	<u>\$8,000</u>	<u>\$8,000</u>	<u>\$8,000</u>

City of Campbell, Mahoning County
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget Basis
For the Years Ended December 31, 2010, Through 2012, Actual
and Ending December 31, 2013, Through 2017, Forecasted
Water Fund

	2010 Actual	2011 Actual	2012 Actual
Revenues			
Charges for Services	\$1,387,000	\$1,323,000	\$1,377,000
Other	26,000	25,000	33,000
Total Revenues	1,413,000	1,348,000	1,410,000
Expenditures			
Water			
Personal Services	443,000	461,000	431,000
Fringe Benefits	293,000	279,000	271,000
Contractual Services	285,000	193,000	209,000
Supplies and Materials	180,000	185,000	162,000
Capital Outlay	10,000	17,000	12,000
Other	34,000	3,000	10,000
Debt Service	236,000	236,000	236,000
Total Expenditures	1,481,000	1,374,000	1,331,000
Changes in Fund Balance	(68,000)	(26,000)	79,000
Fund Balance (Deficit) Beginning of Year	74,000	6,000	(20,000)
Fund Balance (Deficit) End of Year	\$6,000	(\$20,000)	\$59,000

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<u>Forecasted</u>	<u>Forecasted</u>	<u>Forecasted</u>	<u>Forecasted</u>	<u>Forecasted</u>
\$1,380,000	\$1,449,000	\$1,521,000	\$1,597,000	\$1,597,000
<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>
<u>1,410,000</u>	<u>1,479,000</u>	<u>1,551,000</u>	<u>1,627,000</u>	<u>1,627,000</u>
458,000	458,000	458,000	458,000	458,000
297,000	311,000	327,000	343,000	360,000
204,000	208,000	212,000	216,000	221,000
176,000	180,000	183,000	187,000	191,000
11,000	11,000	11,000	11,000	11,000
16,000	16,000	16,000	16,000	16,000
<u>236,000</u>	<u>236,000</u>	<u>214,000</u>	<u>214,000</u>	<u>214,000</u>
<u>1,398,000</u>	<u>1,420,000</u>	<u>1,421,000</u>	<u>1,445,000</u>	<u>1,471,000</u>
12,000	59,000	130,000	182,000	156,000
<u>59,000</u>	<u>71,000</u>	<u>130,000</u>	<u>260,000</u>	<u>442,000</u>
<u>\$71,000</u>	<u>\$130,000</u>	<u>\$260,000</u>	<u>\$442,000</u>	<u>\$598,000</u>

City of Campbell, Mahoning County
Summary of Significant Accounting Policies and Forecast Assumptions
For the Years Ending December 31, 2013, through 2017

Note 1 - The City

The City of Campbell (the City) is located in Northeast Ohio in Mahoning County and is a municipal corporation duly organized and existing under the constitution and laws of the State of Ohio. The City operates under its own charter which was adopted on November 3, 1970. The City is governed under the mayor-council form of government.

The Mayor, elected by the voters for a four-year term, is the head of the municipal government for ceremonial, administrative and executive purposes and performs the judicial functions of the City. The chief conservator of the peace, he oversees the enforcement of all laws and ordinances. He also executes all contracts, conveyances and evidences of indebtedness of the City. The Mayor appoints the law director, finance director and service director with approval from Council.

Legislative authority is vested in a five member council elected from wards. Council members are elected to two year terms. The five Council members elect one of their own to act as the President of Council. Council enacts ordinances and resolutions relating to tax levies and appropriates and borrows money.

The Board of Control approves all bids and is made up of four Council members (the president of Council and the Finance Committee) and four administrators (the mayor, law director, finance director and administrative director).

On June 10, 2004, the Auditor of State's office declared the City of Campbell to be in a state of fiscal emergency in accordance with Section 118.03, Ohio Revised Code. The declaration resulted in the establishment of a Financial Planning and Supervision Commission. The Commission is comprised of the Mayor of the City, Council President, three financial consultants whose residency or principal place of business is within the City, and a designee from both the State Treasurer's Office and the Office of Budget and Management. The City has 120 days after the first meeting of the Commission to approve a financial recovery plan. Once the plan has been adopted, the City's discretion is limited in that all financial activity of the City must be in accordance with the plan.

The City of Campbell provides general governmental services including police protection, fire fighting and prevention, street construction and maintenance and water and sewer utilities.

Note 2 - Nature of Presentation

This financial forecast presents, to the best of the City's knowledge and belief, the expected revenues, expenditures, expenses and changes in fund balances for the forecast period. Accordingly, the forecast reflects the City's judgment, as of September 5, 2013, the date of the forecast, the expected conditions and its expected course of action. The assumptions disclosed herein are those that management believes are significant to the forecast. There will usually be differences between the forecasted and actual results because events and circumstances frequently do not occur as expected, and those differences may be material.

The forecast presents the funds that are significant to the operations of the City. These funds include:

General Fund – This fund is the operating fund of the City and is used to account for and report financial resources, except those required to be accounted for and reported in another fund. The General Fund balance is available to the City of Campbell for any purpose provided it is expended or transferred according to the charter of the City of Campbell and/or the general laws of Ohio.

City of Campbell, Mahoning County
Summary of Significant Accounting Policies and Forecast Assumptions
For the Years Ending December 31, 2013, through 2017

Area on Aging Fund – This fund accounts for and reports restricted monies received from the County for the costs associated with running and maintaining the elderly bussing for the City. This fund and the bussing program associated with it were closed in June of 2013.

Street, Construction, Maintenance and Repair Fund – This fund accounts for and reports levy proceeds for street improvements and the portion of gasoline tax and motor vehicle registration fees restricted for maintenance and repair of dedicated streets within the City.

State Highway Fund – This fund accounts for and reports the portion of gasoline tax and motor vehicle registration fees restricted for maintenance and repair of State highways within the City.

Court Legal Research Fund – This fund accounts for and reports court imposed fines restricted for the documentation of ordinances on-line.

State Issue II Fund – This fund accounts for and reports restricted monies received from the Ohio Public Works Commission plus matching funds from the City. Expenditures are restricted to specific projects within the City.

Water Fund – This fund accounts for and reports revenues generated from the charges for distribution of water to the residential and commercial users of the City.

Note 3 - Summary of Significant Accounting Policies

A. Basis of Accounting

This financial forecast has been prepared on a basis of cash receipts, disbursements, and encumbrances, which is consistent with the budget basis of accounting (non-GAAP) used to prepare the historical financial statements. Under this basis of accounting, certain revenue and related assets are recognized when received rather than when earned and certain expenditures are recognized when paid rather than when the obligation is incurred. However, by virtue of Ohio law, the City is required to maintain the encumbrance method of accounting. This method requires purchase orders, contracts, and other commitments for the expenditure of monies to be recorded as the equivalent of an expenditure in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance.

B. Fund Accounting

The City maintains its accounting records in accordance with the principles of “fund” accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the segregation of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity that stands separate from the activities reported in other funds. The restrictions associated with each class of funds are as follows:

Governmental Funds

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

City of Campbell, Mahoning County
Summary of Significant Accounting Policies and Forecast Assumptions
For the Years Ending December 31, 2013, through 2017

Special Revenue Funds - Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to disbursement for specified purposes, other than for debt service or capital projects.

Debt Service Funds - Debt service funds are used to account for and report resources that are restricted, committed, or assigned to disbursement for principal, interest, and related costs.

Capital Projects Funds - Capital projects funds are used to account for and report resources that are restricted, committed, or assigned for the acquisition or construction of major capital facilities and other capital assets (other than those financed by the enterprise funds).

Permanent Funds - Permanent funds account for and report financial resources that are legally restricted to the extent that only earnings, and not principal, may be used for the benefit of the City or its residents.

Proprietary 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.

Internal Service Funds - Internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis.

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.

C. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of the budgetary documents within an established timetable. The major documents prepared are the certificate of estimated resources and the appropriations ordinance, both of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations ordinance are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated.

Estimated Resources - On or about September 1, the County Budget Commission issues an official certificate of estimated resources to the City, which states the projected receipts of each fund. On or about January 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year. Prior to December 31, the City must revise its budget so that total contemplated expenditures from any funds during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure.

Appropriations - A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year if the annual appropriation for the full year is not ready for approval by City Council. The temporary appropriation measure remains in place until the annual appropriation measure is adopted for the entire year. By March 31, an annual appropriation ordinance must be legally enacted by the City Council. The appropriation measure may be amended or supplemented during the year as new information becomes available.

City of Campbell, Mahoning County
Summary of Significant Accounting Policies and Forecast Assumptions
For the Years Ending December 31, 2013, through 2017

Encumbrances - The City uses the encumbrance method of accounting. Under this system, purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve a portion of the applicable appropriation.

D. Property, Plant and Equipment

Capital assets acquired or constructed for general governmental services are recorded as expenditures. Depreciation is not recorded for these capital assets as the purpose of the financial statements for the governmental services is to report the expenditure of resources, not costs.

Note 4 - General Revenue Assumptions - All Funds

A. Property Taxes

Property tax revenues consist of real property, public utility real and personal property, and prior to 2011, tangible personal property taxes. The City may request advances from the Mahoning County Auditor as the taxes are collected. When final settlements are made, any amounts remaining to be distributed to the City are paid. Deductions for auditor and treasurer fees, advertising delinquent taxes, election expenses, and other fees are made at these settlement times. The amounts shown in the revenue section of the forecast represent gross property tax revenues.

State law allows for certain reductions in the form of rollbacks and homestead exemptions for residential real estate taxes. The State reimburses the City for all revenue lost due to these exemptions. The amount of the reimbursement is presented in the account “intergovernmental revenue”.

All property tax revenues are based on property valuations and levy rates. The County is required to reappraise property every six years and update the valuations every three years between the reappraisals. The last reappraisal was completed in 2011 for taxes collected in 2012. The next triennial update will take place in 2014 for taxes collected in 2015 with the next reappraisal scheduled for 2017. The City’s assessed values upon which property tax receipts were based for the last four years are as follows:

	2009	2010	2011	2012
Real Estate	\$76,911,520	\$76,791,350	\$76,383,810	\$63,117,000
Public Utility Personal	2,477,170	2,431,280	2,533,110	2,644,660
General Business Personal	201,705	168,156	0	0
Total	<u>\$79,590,395</u>	<u>\$79,390,786</u>	<u>\$78,916,920</u>	<u>\$65,761,660</u>

The property tax revenues are generated from inside and voted millage receipted into the General Fund, Police Pension Fund, Fire Pension Fund, Safety Forces Fund and Street Construction, Maintenance and Repair Fund.

City of Campbell, Mahoning County
Summary of Significant Accounting Policies and Forecast Assumptions
For the Years Ending December 31, 2013, through 2017

The levies being collected by fund, the year approved, and the full tax rate are as follows:

Fund	Tax Levies	Year Approved/ Renewed	First Calendar Year of Collection	Last Calendar Year of Collection	Full Tax Rate (Per \$1,000 of Assessed Valuation)
General Fund	Inside Ten Mill Limitation (Unvoted)	n/a	n/a	n/a	\$2.60
Police Pension Fund	Inside Ten Mill Limitation (Unvoted)	n/a	n/a	n/a	0.30
Fire Pension Fund	Inside Ten Mill Limitation (Unvoted)	n/a	n/a	n/a	0.30
Safety Forces Fund	Current Expense	2008	2009	2013	3.00
General Fund	Current Expense	2010	2011	2015	3.50
Street Construction, Maintenance and Repair Fund	Current Expense	2012	2013	2017	3.00
Total Tax Rate					\$12.70

Public utility real and personal property taxes are collected and settled by the County with real estate taxes and are recorded as general property taxes. Beginning in 2001, the Ohio General Assembly reduced the assessment rate for certain tangible personal property of electric and gas utilities from 88 percent to 25 percent. Starting in tax year 2005, the assessment rate for personal property owned by telephone utilities prior to 1995 was being phased down from 88 percent to 25 percent (in tax year 2007) over a three-year period. Beginning in 2007, House Bill 66 switched telephone companies from being public utilities to general business taxpayers and began a four-year phase out of the tangible personal property tax on local and inter-exchange telephone companies.

Real Property - Real property taxes decreased in 2012 due to lower property values as a result of the reappraisal for tax year 2011. Property values are expected to remain the same through 2017 due to the overall economy of the City.

Tangible Personal Property - Tangible personal property taxes have had a number of changes in the past several years. Effective for tax years 2005 and 2006, the assessment rate on inventory was to be reduced by 2 percent if the total statewide collections of personal property taxes for the second preceding year exceeded the total statewide collections of property taxes for the third preceding year. Effective for tax years 2007 and beyond, the assessment rate for inventory was to be reduced by 2 percent per year until completely phased out, regardless of the growth in collections.

Beginning in 2006, House Bill 66 phased out, by 25 percent each year, tangible personal property tax on most businesses' inventory, manufacturing machinery and equipment, and furniture and fixtures. This change supersedes the changes and phase-out periods addressed above. No tangible personal property taxes have been levied or collected since 2009 from general business taxpayers, except telephone companies whose last year to pay tangible personal property tax was 2010. The State of Ohio reimburses the City for the loss of tangible personal property taxes as a result of the changes in House Bill 66 within certain limitations (see Intergovernmental Revenues).

City of Campbell, Mahoning County
Summary of Significant Accounting Policies and Forecast Assumptions
For the Years Ending December 31, 2013, through 2017

B. Municipal 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 2012, the proceeds were allocated ninety percent to the general fund and ten percent to the park special revenue fund. The City anticipates a slight drop in income tax collections for 2013 from the loss of Iron City Pallets within the City. Municipal income tax collections are anticipated to remain consistent with 2013 for the remainder forecast period.

C. Intergovernmental Revenues

Intergovernmental revenues include local government monies and property tax allocations for rollback, homestead, and tangible personal property loss reimbursements. The local government funds are distributed monthly by the State to the City and by the County Auditor to the City. The property tax allocations for rollback, homestead, and tangible personal property are received from the State and are based on information provided by the County Auditor.

Beginning in 2006, the State reimbursed the City for lost revenue due to the phase-out of tangible personal property tax. In the first five years, the City was fully reimbursed relative to prior law for revenue lost due to the taxable value reductions prescribed by House Bill 66. Over the next seven years, the reimbursements are phased-out. The reimbursement will be for the difference between the assessed values under prior law and the assessed values under House Bill 66. This means the City is only reimbursed for the difference between the amounts that would have been received under the prior law and amounts actually received as the phase-outs in House Bill 66 are implemented.

In 2011, HB153 accelerates the phase-out of the tangible personal property tax reimbursements by two percentage points per year based on the entity's 2010 tax year reimbursements.

State law grants tax relief in the form of a 10 percent reduction in residential real property tax bills. In addition, a 2.5 percent rollback is granted on residential property taxes. Tax relief is also granted to qualified elderly and disabled homeowners based on their income. The State reimburses the City for the loss of real property taxes caused by the homestead and rollback tax relief programs.

In tax collection year 2008, the State granted an additional homestead exemption for the first \$25,000 in market value. This exemption increases property tax allocation receipts and decreases general property tax receipts by an equal amount.

The State exempts the first \$10,000 in tangible personal property from taxation. In prior years, the State reimbursed the City for the lost revenue. In 2004, the State began to phase-out the reimbursement by 10 percent each year. Under House Bill 66, the phase-out period was accelerated. The last reimbursement for this exemption was in October 2008.

Section 503.12(B) of House Bill 66 established a Task Force to study potential sources of State funding for the local government and the local government revenue assistance programs that have the capacity for growth and stability in the funding levels and that considers the changes to the Ohio tax code. In December 2006, the Task Force submitted a report to the Governor and to the General Assembly setting forth its recommendations. The State Budget bill for fiscal years 2008 and 2009 replaced the percentage of tax methodology with a percentage of

City of Campbell, Mahoning County
Summary of Significant Accounting Policies and Forecast Assumptions
For the Years Ending December 31, 2013, through 2017

tax receipts formula. In general, the formula proposes that the three local government funds at the State level receive a percentage of the general revenue fund tax receipts in total collected by the State. In 2011, HB153 made reductions in the local government funding for fiscal years 2012 and 2013. These reductions will be approximately 25 percent and 50 percent less than 2011 funding amounts for 2012 and 2013, respectively. No increases are projected for future years.

The City will receive approximately \$161,000 in local government funding for 2013. This amount is anticipated to remain consistent throughout the forecast period.

Note 5 - Specific Fund Revenue Assumptions

A. General Fund

Fees, Licenses and Permits – Fees, licenses and permits receipts represent billing administration fees for trash and sewer, building permits and inspections, zoning permits and inspections, as well as cable franchise fees. Amounts collected for the various permits, inspections and fees remain approximately the same annually. These revenues are anticipated to remain consistent through 2017.

Fines and Forfeitures - Fines and forfeitures represent revenues received from court fines. No increase is anticipated in these revenues throughout the forecast period.

Investment Income - Interest receipts are expected to be minimal due to very low interest rates and a relatively static fund balance throughout the forecast period.

Other Revenues – Other revenues consist mainly of various refunds and reimbursements which are expected to remain relatively stable throughout the forecast period. In 2013, the City received a one-time payment of \$21,000 in oil money relating to a land lease. In 2011 and 2012, the City received monies from the sale of scrap metal of \$93,000 and \$19,000, respectively. The City does not anticipate receiving any monies from the sale of scrap metal throughout the forecast period.

B. Area on Aging Fund

Intergovernmental – Intergovernmental receipts consist of grants received for the running of the elderly bus. The City is forecasting no future revenues for this fund after 2013. The fund was closed in 2013.

C. Street, Construction, Maintenance and Repair Fund

Property Taxes – Property tax receipts consist of a new street levy passed in 2012 that is anticipated to generate \$150,000 per year for five years.

Intergovernmental – Intergovernmental receipts consist of homestead and rollback in association with the new levy and receipts in the form of gasoline tax and vehicle registration collections. These revenues are anticipated to remain consistent through 2017.

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D. State Highway Fund

Intergovernmental – Intergovernmental receipts consist of the portion of gasoline tax and motor vehicle registration fees specifically for the repair and maintenance of State Highways. These revenues are anticipated to remain consistent with the amounts collected in 2012 during the forecast period.

E. Court Legal Research Fund

Fines and Forfeitures – Fines and forfeitures represent revenues received from court fines. No increase is anticipated in these revenues throughout the forecast period.

F. State Issue II Fund

Intergovernmental – Intergovernmental receipts consist of the grants received from the Ohio Public Works Commission. The City is forecasting having minimal requests for projects and spending the corresponding awards in full during the forecast period.

G. Water Fund

Charges for Service – Charges for service receipts consist of the distribution of water to the residential and commercial users located within the City. The City is forecasting a five percent increase in the revenue from 2014 through 2016, per the existing contract with Aqua Ohio. 2017 is forecasting to remain consistent with the prior year.

Note 6 - Expenditure Assumptions - All Funds

A. Personal Services

Personal services include the salaries paid to the employees and elected officials of the City. The City's employees are paid on a bi-weekly basis. Elected officials which include the Mayor, Council, the Judge and the Law Director are paid twice a month. The Zoning Inspector is paid monthly. City Council, by ordinance, sets the salary or hourly rates and other forms of compensation, such as paid leave.

The City has labor agreements with the Fraternal Order of Police Lodge No. 42 which expires February 28, 2014, the International Association of Fire Fighters, Local 2998 which expires April 19, 2014, and the American Federation of State, County and Municipal Employees which expires December 31, 2013.

The City Council consists of four members with an annual salary of \$2,500 and a council president with an annual salary of \$3,000. City Council is paid from the General Fund.

The Mayor's annual salary is \$15,000 and is paid from the General Fund.

The Director of Administration's salary is \$31,000 and is paid 33 percent from the General Fund and 67 percent from the Water Fund.

The Finance Director's annual salary is \$43,000 and is paid 67 percent from the General Fund and 33 percent from the Water Fund.

The Law Director's annual salary is \$19,000 and is paid from the General Fund.

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In 2013, police patrolmen and firefighters received a 3.54 percent base raise as well as a retroactive increase for 2012. The police and fire chiefs/captains received a \$1,000 bonus in lieu of a raise. All remaining employees, except for elected officials, received a 3 percent raise in 2013. Elected officials did not receive raises in 2013. No additional salary increases are anticipated for the remainder of the forecast period. Should the City agree to a one percent increase, it would increase salaries approximately \$34,000 beginning in 2014 and decrease the fund balance by the same amount. The one percent increase would increase salaries by approximately \$136,000 over the life of the forecast.

In 2012, the Finance Director's salary was incorrectly charged all to the General Fund resulting in the General Fund being overcharged by \$14,000. The City plans to correct the 2012 posting in 2013.

In 2013, the Finance department replaced one full-time clerk with two part-time clerks resulting in a salary cost savings of approximately \$7,000.

In June 2013, one of the two Fire Captains retired and the position was not replaced. The City will pay \$13,000 in severance to the Fire Captain.

In July 2013, the City eliminated the mini bus driver position. This position had previously been subsidized by the General Fund for approximately \$20,000 to \$25,000, annually.

In 2013, the City will pay severance of approximately \$28,000 due to the retirement of the Police Chief.

B. Fringe Benefits

Fringe benefits include employer contributions to the State pension system, workers' compensation, Medicare, vacation, sick leave, personal days and medical, prescription, eye care and dental health coverage.

All employees and/or elected officials, except police and fire, participate in the Ohio Public Employees Retirement System (OPERS). OPERS provides basic retirement, disability, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. Employees are required to contribute 10 percent (the maximum) of their annual salary and the City is required to contribute 14 percent (the maximum) of their annual salary.

Police and fire employees participate in the Ohio Police and Fire Retirement System (OP&F). OP&F provides basic retirement, disability, 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. Employees are required to contribute 10 percent (the maximum) of their annual salary and the City is required to contribute 19.5 percent for police and 24 percent for fire (the maximum) of their annual salary.

Workers' compensation coverage is provided by the State of Ohio. The City pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. A slight increase is expected annually.

Employees, except elected officials, are entitled to two to four weeks of vacation leave depending on length of service. Employees earn sick leave at a rate of 1.25 days per month.

The City provides hospital/medical, prescription, dental and vision benefits to its employees administered through Medical Mutual of Ohio with single coverage of \$6,923.64 per year, husband and wife coverage of \$12,911.04 per year, parent and child coverage of \$10,514.40 per year and full family coverage of \$18,133.08 per year.

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Conservatively, the City anticipates a five percent increase per year, for the entire forecast period, for the health insurance coverage.

C. Contractual Services

Contractual services include property and liability insurance, utility charges (telephone, internet, electricity, natural gas and garbage), postage, advertising, legal fees, auditor and treasurer fees, and accounting and auditing services. Audits will be performed annually and are currently paid 100 percent by the general fund.

Increases in contractual services are projected to be two percent per year for the forecast period based upon historical trends.

D. Material and Supplies

Supplies and materials expenditures include office supplies, operating supplies (chemicals, salt and gasoline), and repair and maintenance costs. With the passage of the street levy, the City plans on paving additional streets each year increasing the expenditures in the Street, Construction, Maintenance and Repair fund. Supplies and materials are anticipated to increase two percent per year based upon historical trends.

E. Capital Outlay

The City is expected to keep capital outlay purchases at a minimum in the forecasted funds for the forecast period.

F. Debt Service

The original issue date, interest rate, original issue amount and maturity date for the City's long-term obligations as of December 31, 2012, were as follows:

During 2005, the City issued \$746,939 in local government borrowing notes to eliminate deficit fund balances. The note was issued at a 6.23 percent interest rate and matured in 2012. The City paid \$122,000 per year in principal and interest on the notes from the general fund with local government monies.

During 1999, the City obtained an \$809,670 interest free loan from the Ohio Public Works Commission for improvements to the Liberty water tank. This loan is paid from the water fund and matures in 2021.

During 2010, the City obtained a \$101,204 interest free loan from the Ohio Public Works Commission for improvements to the Wilson Avenue and 13th Street Sanitary separations. This loan is paid from the water fund and matures in 2031.

During 2000, the City obtained a \$2,421,405 loan with a variable interest rate of 5.16 percent to 5.54 percent from the Ohio Water Development Authority for improvements to the Water Treatment Plant. This loan is paid from the water fund and matures in 2024.

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Principal and interest requirements to retire the City’s OWDA and OPWC loans are:

	OWDA Loans		OPWC
	Principal	Interest	Loans
2013	\$108,000	\$82,000	\$46,000
2014	114,000	76,000	46,000
2015	98,000	70,000	46,000
2016	104,000	64,000	46,000
2017	109,000	59,000	46,000
2018-2022	645,000	197,000	167,000
2023-2027	311,000	26,000	25,000
2028-2031	0	0	18,000
Total	\$1,489,000	\$574,000	\$440,000

Note 7 – Transfers and Advances – General Fund

During 2012, the General Fund received transfers of \$20,000, which consisted of \$7,000 of prior year landlord fees that were previously held in escrow and \$13,000 of unclaimed monies. After being held for five years, unclaimed monies can be moved to the General Fund. The General Fund is not anticipated to receive transfers during the forecast period.

During 2012, the General Fund transferred \$28,000 to the Aging Fund and \$30,000 to the Land Revitalization Fund to provide funding for those programs. The City anticipates that transfers will be made within the forecast period to subsidize various programs. Transfers from the General Fund are anticipated to decrease in 2013 due to the General Fund no longer subsidizing the bus driver’s salary due to the elimination of this position.

During 2012, the General Fund advanced \$97,000 to the Infrastructure Fund due to the timing of the receipt of grant monies. The advance is expected to be repaid to the General Fund in 2013.

Note 8 - Other Funds

The City has numerous other funds that account for resources that are restricted for specific purposes. These funds are anticipated to have sufficient resources to meet their obligations during the forecasted period.

Note 9 - Contingencies

A. 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.

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B. 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 during the forecast 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
OCTOBER 2, 2013