



OHIO AUDITOR OF STATE
KEITH FABER



**CAMPBELL CITY SCHOOL DISTRICT
MAHONING COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Client:	
Management's Discussion and Analysis.....	5
Statement of Net Position	15
Statement of Activities.....	16
Balance Sheet - Governmental Funds.....	17
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	18
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	19
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	20
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual - General Fund.....	21
Statement of Fiduciary Net Position – Fiduciary Funds.....	22
Statement of Changes in Fiduciary Net Position – Fiduciary Fund	23
Notes to the Basic Financial Statements	25
Schedule of the School District's Proportionate Share of the Net Pension Liability – School Employees Retirement System of Ohio.....	68
Schedule of the School District's Proportionate Share of the Net OPEB Liability – School Employees Retirement System of Ohio.....	70
Schedule of the School District's Proportionate Share of the Net Pension Liability – State Teachers Retirement System of Ohio	72
Schedule of the School District's Proportionate Share of the Net OPEB Liability – State Teachers Retirement System of Ohio	74
Schedule of School District's Contributions - School Employees Retirement System of Ohio	76
Schedule of School District's Contributions – State Teachers Retirement System of Ohio	78
Notes to Required Supplementary Information.....	80
Schedule of Federal Awards Receipts and Expenditures.....	83
Notes to the Schedule of Federal Awards Receipts and Expenditures	84

**CAMPBELL CITY SCHOOL DISTRICT
MAHONING COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	85
Independent Auditor's Report on Compliance with Requirements Applicable to the Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance	87
Schedule of Findings.....	89

OHIO AUDITOR OF STATE KEITH FABER



INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Campbell City School District, Mahoning County, Ohio (the District), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Campbell City School District, Mahoning County, Ohio, as of June 30, 2018, and the respective changes in financial position thereof and the budgetary comparison for the General fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 22 to the financial statements, during 2018, the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

The Schedule of Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 22, 2019, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

February 22, 2019

This page intentionally left blank.

Campbell City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
Unaudited

As management of the Campbell City School District (the School District), we offer readers of the School District's financial statements this narrative and analysis of the financial activities of the School District for the fiscal year ended June 30, 2018. We encourage readers to consider the information presented here in conjunction with financial statements and notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

- Net position increased in fiscal year 2018 due mainly to changes in the net pension liability, the net OPEB liability and the deferred outflows of resources associated with these liabilities.
- Total program expenses decreased in fiscal year 2018 due to changes in the net pension liability and net OPEB liability. Program expenses excluding amounts related to the net pension and net OPEB liabilities increased by approximately \$527,000 due to higher employee costs attributable to certified and classified base salary increases of 1.75 percent as well as to higher purchased service costs in fiscal year 2018.
- During fiscal year 2018, the School District issued \$9,000,000 in qualified zone academy bonds to be used for the development of a new Community Literacy Workforce and Cultural Center on the campus of the Campbell K-7 School.
- The School District's enrollment on a District-wide basis increased from 1,325 students in fiscal year 2017 to 1,344 students in fiscal year 2018.

Overview of the Financial Statements

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

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

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

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

Campbell City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
Unaudited

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

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

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

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

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Table 1 provides a comparison of the School District's net position for 2018 compared to 2017.

Campbell City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
Unaudited

Table 1
 Net Position
 Governmental Activities

	2018	2017	Change
Assets			
Current and Other Assets	\$20,956,881	\$10,704,551	\$10,252,330
Capital Assets, Net	27,977,121	28,683,983	(706,862)
Total Assets	48,934,002	39,388,534	9,545,468
Deferred Outflows of Resources			
Pension	5,105,465	4,376,517	728,948
OPEB	186,965	37,255	149,710
<i>Total Deferred Outflows of Resources</i>	<i>5,292,430</i>	<i>4,413,772</i>	<i>878,658</i>
Liabilities			
Current Liabilities	2,328,771	2,266,201	(62,570)
Long-Term Liabilities			
Due Within One Year	1,071,343	411,762	(659,581)
Due in More Than One Year:			
Net Pension Liability	17,531,208	24,097,805	6,566,597
Net OPEB Liability	4,087,269	5,099,514	1,012,245
Other Amounts	11,162,285	3,172,815	(7,989,470)
<i>Total Liabilities</i>	<i>36,180,876</i>	<i>35,048,097</i>	<i>(1,132,779)</i>
Deferred Inflows of Resources			
Property Taxes	2,153,386	2,074,371	(79,015)
Pension	1,039,255	500,416	(538,839)
OPEB	529,430	0	(529,430)
<i>Total Deferred Inflows of Resources</i>	<i>3,722,071</i>	<i>2,574,787</i>	<i>(1,147,284)</i>
Net Position			
Net Investment in Capital Assets	25,244,387	25,719,885	(475,498)
Restricted for:			
Capital Projects	727,008	93,749	633,259
Debt Service	411,074	380,941	30,133
Other Purposes	636,883	867,523	(230,640)
Unrestricted (Deficit)	(12,695,867)	(20,882,676)	8,186,809
Total Net Position	\$14,323,485	\$6,179,422	\$8,144,063

Campbell City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
Unaudited

The net pension liability (NPL) is the largest single liability reported by the School District at June 30, 2018 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." For fiscal year 2018, the School District adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OPEB liability*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB liability to equal the School District's proportionate share of each plan's collective:

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

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School District is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities, but are outside the

Campbell City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
Unaudited

control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68 and GASB 75, the School District's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

As a result of implementing GASB 75, the School District is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation also had the effect of restating net position at June 30, 2017, from \$11,241,681 to \$6,179,422.

Current and other assets increased due to an increase in cash and cash equivalents as a result of qualified zone academy bonds being issued during fiscal year 2018 and a majority of those proceeds being unspent as of the end of the fiscal year. The decrease in capital assets was due to current year depreciation outpacing current year additions.

Current liabilities increased slightly during fiscal year 2018 due to higher accrued wages and benefits resulting from wage increases, higher intergovernmental payables and increased vacation benefits payable from the School District having larger carry-overs of vacation leave. Long-term liabilities increased due to an increase in general obligation bond debt. Net position increased significantly due to changes in the net pension liability and net OPEB liability and the deferred outflows and deferred inflows of resources associated with these liabilities.

Table 2 shows the changes in net position for fiscal year 2018 compared to 2017.

Table 2
Changes in Net Position
Governmental Activities

	2018	2017	Change
Program Revenues			
Charges for Services and Sales	\$199,536	\$207,066	(\$7,530)
Operating Grants and Contributions	2,970,677	3,071,660	(100,983)
<i>Total Program Revenues</i>	<u>3,170,213</u>	<u>3,278,726</u>	<u>(108,513)</u>
General Revenues			
Property Taxes	2,260,102	2,161,581	98,521
Grants and Entitlements	14,300,408	14,668,693	(368,285)
Unrestricted Contributions	19,815	37,063	(17,248)
Investment Earnings	84,707	16,273	68,434
Miscellaneous	37,357	78,062	(40,705)
<i>Total General Revenues</i>	<u>16,702,389</u>	<u>16,961,672</u>	<u>(259,283)</u>
<i>Total Revenues</i>	<u>\$19,872,602</u>	<u>\$20,240,398</u>	<u>(\$367,796)</u>

(continued)

Campbell City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
Unaudited

Table 2
 Changes in Net Position (continued)
 Governmental Activities

	2018	2017	Change
Program Expenses			
Instruction:			
Regular	\$1,828,636	\$7,834,316	\$6,005,680
Special	2,804,209	3,547,909	743,700
Vocational	152,091	154,431	2,340
Student Intervention Services	298,487	211,226	(87,261)
Support Services			
Pupil	569,989	463,512	(106,477)
Instructional Staff	613,959	963,002	349,043
Board of Education	31,711	34,397	2,686
Administration	1,396,679	1,260,728	(135,951)
Fiscal	355,149	405,585	50,436
Business	49,523	65,831	16,308
Operation and Maintenance of Plant	1,685,415	2,195,850	510,435
Pupil Transportation	424,102	440,271	16,169
Central	212,184	251,380	39,196
Operation of Non-Instructional Services	10,162	14,512	4,350
Operation of Food Services	656,374	643,574	(12,800)
Extracurricular Activities	545,991	556,912	10,921
Interest and Fiscal Charges	93,878	118,354	24,476
<i>Total Program Expenses</i>	<u>11,728,539</u>	<u>19,161,790</u>	<u>7,433,251</u>
<i>Change in Net Position</i>	8,144,063	1,078,608	7,065,455
Net Position Beginning of Year	<u>6,179,422</u>	N/A	
Net Position End of Year	<u><u>\$14,323,485</u></u>	<u><u>\$6,179,422</u></u>	<u><u>\$8,144,063</u></u>

The information necessary to restate the 2017 beginning balances and the 2017 OPEB expense amounts for the effects of the initial implementation of GASB 75 is not available. Therefore, 2017 functional expenses still include OPEB expense of \$37,255 computed under GASB 45. GASB 45 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 75, OPEB expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of OPEB expense. Under GASB 75, the 2018 statements report negative OPEB expense of \$582,177. Consequently, in order to compare 2018 total program expenses to 2017, the following adjustments are needed:

Total 2018 program expenses under GASB 75	\$11,728,539
Negative OPEB expense under GASB 75	582,177
2018 contractually required contribution	<u>50,348</u>
Adjusted 2018 program expenses	12,361,064
Total 2017 program expenses under GASB 45	<u>19,161,790</u>
Decrease in program expenses not related to OPEB	<u><u>(\$6,800,726)</u></u>

Campbell City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
Unaudited

The largest component of the decrease in program expenses results from changes in assumptions and benefit terms related to pensions. STRS adopted certain assumption changes, including a reduction in their discount rate, and also voted to suspend cost of living adjustments (COLA). SERS decreased their COLA assumption. (See Note 13) As a result of these changes, pension expense decreased from \$1,761,586 in fiscal year 2017 to a negative pension expense of \$5,540,402 for fiscal year 2018. The allocation of the fiscal year 2018 negative pension expense to program expenses is as follows:

Program Expenses	<u>2018 Program Expenses Related to Negative Pension Expense</u>
Instruction:	
Regular	(\$4,573,375)
Special	(740,085)
Support Services:	
Operation and Maintenance of Plant	<u>(226,942)</u>
 Total Expenses	 <u><u>(\$5,540,402)</u></u>

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

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

Thus school districts dependent upon property taxes are hampered by a lack of revenue growth and must regularly return to the voters to maintain a constant level of service. Property taxes made up 11.37 percent of revenues for governmental activities for Campbell City School District in fiscal year 2018 versus 10.68 percent in fiscal year 2017.

Program expenses decreased in fiscal year 2018 due to changes in the net pension liability and net OPEB liability. As mentioned previously, pension expense decreased from \$1,761,586 in fiscal year 2017 to a negative pension expense of \$5,540,402 for fiscal year 2018, representing a total change of (\$7,301,988) attributable to changes in the net pension liability. The recording of a net OPEB liability resulted in an additional \$582,177 decrease to program expenses. Changes in deferred outflows relating to payments made subsequent to the measurement date resulted in a decrease of \$76,439 to program expenses as well.

Program expenses excluding amounts related to the net pension/OPEB liabilities and related payments subsequent increased by \$527,353 due to (1) higher purchased service costs relating to tuition paid to other districts and (2) higher employee personal service costs resulting from certified and classified base raises of 1.75 percent in fiscal year 2018.

Campbell City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
Unaudited

The *statement of activities* shows the cost of program services and charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services for 2018 compared to 2017. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3
 Total and Net Cost of Program Services
 Governmental Activities

	2018		2017	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
Instruction:				
Regular	\$1,828,636	\$1,673,260	\$7,834,316	\$7,584,987
Special	2,804,209	921,381	3,547,909	2,285,517
Vocational	152,091	105,300	154,431	138,244
Student Intervention Services	298,487	298,487	211,226	211,226
Support Services:				
Pupil	569,989	467,743	463,512	463,512
Instructional Staff	613,959	609,347	963,002	220,275
Board of Education	31,711	31,711	34,397	34,397
Administration	1,396,679	1,250,716	1,260,728	1,060,729
Fiscal	355,149	355,149	405,585	405,148
Business	49,523	49,523	65,831	65,831
Operation and Maintenance of Plant	1,685,415	1,603,419	2,195,850	2,042,987
Pupil Transportation	424,102	362,068	440,271	437,661
Central	212,184	212,184	251,380	183,949
Operation of Non-Instructional Services	10,162	2,669	14,512	13,387
Operation of Food Services	656,374	95,036	643,574	179,473
Extracurricular Activities	545,991	426,455	556,912	437,387
Interest and Fiscal Charges	93,878	93,878	118,354	118,354
Total	<u>\$11,728,539</u>	<u>\$8,558,326</u>	<u>\$19,161,790</u>	<u>\$15,883,064</u>

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

Financial Analysis of the Government's Funds

Governmental Funds Information about the School District's major funds begins with the balance sheet. These funds are accounted for using the modified accrual basis of accounting. Despite a large increase in transfers out, the general fund balance increased due in part to higher intergovernmental revenues attributable to an increase in foundation monies. The building fund had an increase in fund balance due to a large portion of the proceeds received from the qualified zone academy bonds being unspent at fiscal year end.

Campbell City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
Unaudited

General Fund Budgeting Highlights

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

During the course of fiscal year 2018, the School District amended its general fund budget numerous times. The School District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

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

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

Capital Assets

Capital assets decreased during fiscal year 2018 due to annual depreciation outpacing current year additions. Current year additions included educational and athletic equipment, the purchase of a new transit van and construction in progress relating to engineering costs for the future Community Literacy Workforce and Cultural Center. The School District continues its ongoing commitment to maintaining and improving its capital assets. More detailed information is presented in Note 12 of the notes to the basic financial statements.

Debt Obligations

Debt obligations outstanding as of June 30, 2018 included general obligation bonds and a capital lease payable. The School District issued \$9,000,000 in qualified zone academy bonds during fiscal year 2018 for the development of a Community Literacy Workforce and Cultural Center that would include a STEM Academy and provide students with early college and workforce experience. The School District's overall debt margin was \$4,781,512 with an unvoted debt margin of \$60,601 at June 30, 2018. For more information about the School District's debt obligations, see Notes 17 and 18 to the basic financial statements.

School District Outlook

The District understands the importance of whole child education as identified in the State's strategic plan recognizing whole child education, wrap around services, career pathways with valued partnerships and their significant involvement.

The Community Literacy Workforce and Cultural Center (CLWCC) project, led by the Campbell City School District, in Mahoning County, Ohio, is focused on building and sustaining a regional economic ecosystem focused on aligning and leveraging resources to improve education, knowledge, skills and health of residents of the Mahoning Valley and beyond.

Campbell City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
Unaudited

The CLWCC project in significant and strategic partnership with Stark State College (SSC), Eastern Gateway Community College (EGCC), State of Ohio, Public Library of Youngstown and Mahoning County (PLYMC), the City of Campbell, Southwoods Health, Youngstown-Warren Chamber of Commerce, United Way of Youngstown and the Mahoning Valley, and many others will leverage existing and emerging public-private regional and community partnerships to foster a shared-services approach and facility to be used 12-months a year, daily, evenings, and week-ends. This year-round collaborative ecosystem will align resources to expand access to higher education and adult workforce/industry training offerings through Stark State College (SSC) and other higher education organizations and community and industry partners, to impact the region and statewide economic growth through a comprehensive STEM strategy. A heavy focus will be placed on the anticipated growth in the shale-related plastics, petrochemicals and other mid- and down-stream industries. This is particularly important when considering the Campbell location is five miles from the Western Pennsylvania border and in close proximity to four other communities. The geographic site location greatly expands the project's impact to attract candidates from both Ohio and Pennsylvania, provide training and increase and retain the skilled and Ohio tax-paying workforce.

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

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

Contacting the School District's Financial Management Personnel

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

Basic Financial Statements

Campbell City School District

Statement of Net Position

June 30, 2018

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$17,059,446
Accrued Interest Receivable	35,975
Intergovernmental Receivable	473,474
Prepaid Items	44,928
Inventory Held for Resale	6,322
Materials and Supplies Inventory	1,931
Property Taxes Receivable	3,334,805
Nondepreciable Capital Assets	391,015
Depreciable Capital Assets, Net	<u>27,586,106</u>
<i>Total Assets</i>	<u>48,934,002</u>
Deferred Outflows of Resources	
Pension	5,105,465
OPEB	<u>186,965</u>
<i>Total Deferred Outflows of Resources</i>	<u>5,292,430</u>
Liabilities	
Accounts Payable	74,983
Accrued Wages and Benefits	1,549,426
Intergovernmental Payable	338,907
Matured Compensated Absences Payable	1,643
Vacation Benefits Payable	123,341
Accrued Interest Payable	4,328
Unearned Revenue	236,143
Long-Term Liabilities:	
Due Within One Year	1,071,343
Due In More Than One Year:	
Net Pension Liability (See Note 13)	17,531,208
Net OPEB Liability (See Note 14)	4,087,269
Other Amounts	<u>11,162,285</u>
<i>Total Liabilities</i>	<u>36,180,876</u>
Deferred Inflows of Resources	
Property Taxes	2,153,386
Pension	1,039,255
OPEB	<u>529,430</u>
<i>Total Deferred Inflows of Resources</i>	<u>3,722,071</u>
Net Position	
Net Investment in Capital Assets	25,244,387
Restricted for:	
Capital Projects	727,008
Debt Service	411,074
Other Purposes	636,883
Unrestricted (Deficit)	<u>(12,695,867)</u>
<i>Total Net Position</i>	<u>\$14,323,485</u>

See accompanying notes to the basic financial statements

Campbell City School District
Statement of Activities
For the Fiscal Year Ended June 30, 2018

	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Instruction:				
Regular	\$1,828,636	\$33,995	\$121,381	(\$1,673,260)
Special	2,804,209	0	1,882,828	(921,381)
Vocational	152,091	0	46,791	(105,300)
Student Intervention Services	298,487	0	0	(298,487)
Support Services:				
Pupil	569,989	0	102,246	(467,743)
Instructional Staff	613,959	0	4,612	(609,347)
Board of Education	31,711	0	0	(31,711)
Administration	1,396,679	0	145,963	(1,250,716)
Fiscal	355,149	0	0	(355,149)
Business	49,523	0	0	(49,523)
Operation and Maintenance of Plant	1,685,415	9,405	72,591	(1,603,419)
Pupil Transportation	424,102	0	62,034	(362,068)
Central	212,184	0	0	(212,184)
Operation of Non-Instructional Services	10,162	0	7,493	(2,669)
Operation of Food Services	656,374	52,519	508,819	(95,036)
Extracurricular Activities	545,991	103,617	15,919	(426,455)
Interest and Fiscal Charges	93,878	0	0	(93,878)
Totals	\$11,728,539	\$199,536	\$2,970,677	(8,558,326)
General Revenues				
Property Taxes Levied for:				
				2,038,166
				198,211
				23,725
Grants and Entitlements not				
				14,300,408
				19,815
				84,707
				37,357
				<u>16,702,389</u>
				8,144,063
				<u>6,179,422</u>
				<u>\$14,323,485</u>

See accompanying notes to the basic financial statements

Campbell City School District

*Balance Sheet
Governmental Funds
June 30, 2018*

	<u>General</u>	<u>Building</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Equity in Pooled Cash and Cash Equivalents	\$6,728,045	\$8,709,420	\$1,621,981	\$17,059,446
Accrued Interest Receivable	9,289	26,686	0	35,975
Intergovernmental Receivable	115,922	0	357,552	473,474
Interfund Receivable	218,091	0	0	218,091
Prepaid Items	44,928	0	0	44,928
Inventory Held for Resale	0	0	6,322	6,322
Materials and Supplies Inventory	0	0	1,931	1,931
Property Taxes Receivable	3,002,734	0	332,071	3,334,805
<i>Total Assets</i>	<u>\$10,119,009</u>	<u>\$8,736,106</u>	<u>\$2,319,857</u>	<u>\$21,174,972</u>
Liabilities				
Accounts Payable	\$48,319	\$0	\$26,664	\$74,983
Accrued Wages and Benefits	1,364,927	0	184,499	1,549,426
Interfund Payable	0	0	218,091	218,091
Intergovernmental Payable	325,632	0	13,275	338,907
Matured Compensated Absences Payable	1,643	0	0	1,643
Unearned Revenue	236,143	0	0	236,143
<i>Total Liabilities</i>	<u>1,976,664</u>	<u>0</u>	<u>442,529</u>	<u>2,419,193</u>
Deferred Inflows of Resources				
Property Taxes	1,937,584	0	215,802	2,153,386
Unavailable Revenue	1,009,363	0	467,079	1,476,442
<i>Total Deferred Inflows of Resources</i>	<u>2,946,947</u>	<u>0</u>	<u>682,881</u>	<u>3,629,828</u>
Fund Balances				
Nonspendable	44,928	0	1,931	46,859
Restricted	417	8,736,106	1,529,111	10,265,634
Assigned	2,013,600	0	0	2,013,600
Unassigned (Deficit)	3,136,453	0	(336,595)	2,799,858
<i>Total Fund Balances</i>	<u>5,195,398</u>	<u>8,736,106</u>	<u>1,194,447</u>	<u>15,125,951</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$10,119,009</u>	<u>\$8,736,106</u>	<u>\$2,319,857</u>	<u>\$21,174,972</u>

See accompanying notes to the basic financial statements

Campbell City School District
*Reconciliation of Total Governmental Fund Balances to
 Net Position of Governmental Activities
 June 30, 2018*

Total Governmental Fund Balances	\$15,125,951
 <i>Amounts reported for governmental activities in the statement of net position are different because</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	27,977,121
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds.	
Delinquent Property Taxes	1,119,419
Intergovernmental	<u>357,023</u>
Total	1,476,442
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	(4,328)
Vacation benefits payable is not expected to be paid with expendable available financial resources and therefore is not reported in the funds.	(123,341)
The net pension liability and net OPEB liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds.	
Deferred Outflows - Pension	5,105,465
Deferred Outflows - OPEB	186,965
Net Pension Liability	(17,531,208)
Net OPEB Liability	(4,087,269)
Deferred Inflows - Pension	(1,039,255)
Deferred Inflows - OPEB	<u>(529,430)</u>
Total	(17,894,732)
Long-term liabilities payable are not due and payable in the current period and therefore are not reported in the funds.	
General Obligation Bonds	(10,561,506)
Capital Leases Payable	(1,014,000)
Compensated Absences	<u>(658,122)</u>
Total	<u>(12,233,628)</u>
<i>Net Position of Governmental Activities</i>	<u><u>\$14,323,485</u></u>

See accompanying notes to the basic financial statements

Campbell City School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2018

	General	Building	Other Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	\$1,996,439	\$0	\$221,946	\$2,218,385
Intergovernmental	15,466,225	0	1,927,294	17,393,519
Interest	18,806	65,901	0	84,707
Tuition and Fees	33,995	0	0	33,995
Extracurricular Activities	4,335	0	99,282	103,617
Contributions and Donations	19,815	0	14,919	34,734
Charges for Services	0	0	52,519	52,519
Rentals	9,405	0	0	9,405
Miscellaneous	35,604	0	1,753	37,357
<i>Total Revenues</i>	<u>17,584,624</u>	<u>65,901</u>	<u>2,317,713</u>	<u>19,968,238</u>
Expenditures				
Current:				
Instruction:				
Regular	7,057,189	0	113,768	7,170,957
Special	2,741,488	0	983,258	3,724,746
Vocational	147,717	0	0	147,717
Student Intervention Services	298,487	0	0	298,487
Support Services:				
Pupil	456,402	0	112,570	568,972
Instructional Staff	282,069	200,000	92,546	574,615
Board of Education	26,886	0	0	26,886
Administration	1,165,403	0	173,046	1,338,449
Fiscal	351,082	894	6,259	358,235
Business	49,523	0	0	49,523
Operation and Maintenance of Plant	1,928,138	0	60,356	1,988,494
Pupil Transportation	362,219	0	3,093	365,312
Central	200,942	6,460	0	207,402
Operation of Non-Instructional Services	1,396	0	8,766	10,162
Operation of Food Services	0	0	564,209	564,209
Extracurricular Activities	285,237	0	104,893	390,130
Capital Outlay	3,587	750	279,669	284,006
Debt Service:				
Principal Retirement	175,000	0	215,000	390,000
Interest and Fiscal Charges	54,894	0	54,790	109,684
Bond Issuance Costs	0	172,500	0	172,500
<i>Total Expenditures</i>	<u>15,587,659</u>	<u>380,604</u>	<u>2,772,223</u>	<u>18,740,486</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,996,965</u>	<u>(314,703)</u>	<u>(454,510)</u>	<u>1,227,752</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	10,328	0	0	10,328
General Obligation Bonds Issued	0	9,000,000	0	9,000,000
Transfers In	0	0	905,374	905,374
Transfers Out	(905,374)	0	0	(905,374)
<i>Total Other Financing Sources (Uses)</i>	<u>(895,046)</u>	<u>9,000,000</u>	<u>905,374</u>	<u>9,010,328</u>
<i>Net Change in Fund Balances</i>	1,101,919	8,685,297	450,864	10,238,080
<i>Fund Balances Beginning of Year</i>	<u>4,093,479</u>	<u>50,809</u>	<u>743,583</u>	<u>4,887,871</u>
<i>Fund Balances End of Year</i>	<u>\$5,195,398</u>	<u>\$8,736,106</u>	<u>\$1,194,447</u>	<u>\$15,125,951</u>

See accompanying notes to the basic financial statements

Campbell City School District
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2018*

Net Change in Fund Balances - Total Governmental Funds \$10,238,080

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

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

Capital Asset Additions	310,958	
Current Year Depreciation	(989,281)	
Total		(678,323)

Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. (28,539)

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

Delinquent Property Taxes	41,717	
Intergovernmental	(137,353)	
Total		(95,636)

Repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 390,000

Other financing sources in the governmental funds, such as general obligation bonds, increase long-term liabilities in the statement of net position. (9,000,000)

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

Pension	1,216,304	
OPEB	50,348	
Total		1,266,652

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

Pension	5,540,402	
OPEB	582,177	
Total		6,122,579

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

Accrued Interest on Bonds	476	
Amortization of Premium on Bonds	15,330	
Total		15,806

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

Compensated Absences	(54,381)	
Vacation Benefits Payable	(32,175)	
Total		(86,556)

Change in Net Position of Governmental Activities \$8,144,063

See accompanying notes to the basic financial statements

Campbell City School District
*Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2018*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property Taxes	\$2,047,963	\$1,993,370	\$1,993,370	\$0
Intergovernmental	15,799,123	15,377,961	15,377,961	0
Interest	21,308	20,740	20,740	0
Tuition and Fees	41,583	40,474	40,474	0
Contributions and Donations	19,172	18,661	18,661	0
Rentals	9,663	9,405	9,405	0
Miscellaneous	43,112	41,718	41,718	0
<i>Total Revenues</i>	<u>17,981,924</u>	<u>17,502,329</u>	<u>17,502,329</u>	<u>0</u>
Expenditures				
Current:				
Instruction:				
Regular	7,195,455	7,030,596	7,030,596	0
Special	2,828,073	2,763,187	2,763,187	0
Vocational	150,010	146,568	146,568	0
Student Intervention Services	305,496	298,487	298,487	0
Support Services:				
Pupil	476,285	465,357	465,357	0
Instructional Staff	295,072	288,302	288,302	0
Board of Education	30,503	29,803	29,803	0
Administration	1,180,820	1,153,728	1,153,728	0
Fiscal	360,525	352,253	352,253	0
Business	53,142	51,923	51,923	0
Operation and Maintenance of Plant	2,120,116	2,071,473	2,071,473	0
Pupil Transportation	409,446	400,048	400,048	0
Central	205,498	200,783	200,783	0
Operation of Non-Instructional Services	5,266	5,146	5,146	0
Extracurricular Activities	285,117	278,576	278,576	0
Capital Outlay	3,671	3,587	3,587	0
Debt Service:				
Principal Retirement	175,000	175,000	175,000	0
Interest and Fiscal Charges	54,894	54,894	54,894	0
<i>Total Expenditures</i>	<u>16,134,389</u>	<u>15,769,711</u>	<u>15,769,711</u>	<u>0</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,847,535</u>	<u>1,732,618</u>	<u>1,732,618</u>	<u>0</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	10,328	10,328	10,328	0
Advances In	269,524	269,524	269,524	0
Advances Out	(218,091)	(218,091)	(218,091)	0
Transfers Out	0	(905,374)	(905,374)	0
<i>Total Other Financing Sources (Uses)</i>	<u>61,761</u>	<u>(843,613)</u>	<u>(843,613)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	1,909,296	889,005	889,005	0
<i>Fund Balance Beginning of Year</i>	5,423,322	5,423,322	5,423,322	0
Prior Year Encumbrances Appropriated	194,435	194,435	194,435	0
<i>Fund Balance End of Year</i>	<u>\$7,527,053</u>	<u>\$6,506,762</u>	<u>\$6,506,762</u>	<u>\$0</u>

See accompanying notes to the basic financial statements

Campbell City School District
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2018

	Private Purpose Trust	
	Endowment	Agency
Assets		
Equity in Pooled Cash and Cash Equivalents	\$36,665	\$54,636
Liabilities		
Due to Students	0	\$54,636
Net Position		
Held in Trust for Scholarships	\$36,665	

See accompanying notes to the basic financial statements

Campbell City School District
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Fiscal Year Ended June 30, 2018

	Endowment
Additions	
Interest	\$28
Deductions	
	0
<i>Change in Net Position</i>	28
<i>Net Position Beginning of Year</i>	36,637
<i>Net Position End of Year</i>	\$36,665

See accompanying notes to the basic financial statements

Campbell City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

Note 1 - Description of the School District

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

The School District operates under a locally-elected five-member Board form of government and provides educational services as mandated by State and federal agencies. The Board of Education controls the School District's 3 instructional/support facilities staffed by 111 certified employees and 85 classified employees who provide services to 1,344 students and other community members.

Reporting Entity

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

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

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

Note 2 - Summary of Significant Accounting Policies

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

Basis of Presentation

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

Campbell City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

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

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

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

Fund Accounting

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

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

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

Building Fund The building fund is used to account for the proceeds of qualified zone academy bonds restricted for renovating buildings, purchasing equipment and up-to-date technology, developing curriculum and/or training school personnel.

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

Campbell City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

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

Measurement Focus

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

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

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

Basis of Accounting

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

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

Campbell City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

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

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

Unearned Revenue Unearned revenue represents amounts under the accrual and modified accrual basis of accounting for which asset recognition criteria have been met, but for which revenue recognition criteria have not yet been met because the amounts have not yet been earned. The School District recognizes unearned revenue for the long-term leasing of a telecommunication tower.

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for pension and OPEB plans. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 13 and 14.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the School District, deferred inflows of resources include property taxes, pension, OPEB plans and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2018, but which were levied to finance fiscal year 2019 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes and income taxes. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities fund on page 19. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Notes 13 and 14)

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

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

Campbell City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

Budgetary Data

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

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

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

Cash and Cash Equivalents

To improve cash management, all cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the School District's records. Interest in the pool is presented as "equity in pooled cash and cash equivalents" on the financial statements.

During fiscal year 2018, investments were limited to money market mutual funds, federal home loan bank bonds, federal national mortgage association notes, federal farm credit bank notes, federal home loan mortgage corporation notes, commercial paper, US treasury notes and negotiable certificates of deposit.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices, or in the case of mutual funds, current share price.

Following Ohio statutes, the Board of Education has, by resolution, identified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2018 amounted to \$18,806, none of which was assigned from other School District funds.

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

Campbell City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2018, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditures/expense in the year in which the services are consumed.

Inventory

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

Capital Assets

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

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

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

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

Interfund Balances

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

Compensated Absences

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

Campbell City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

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

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

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

Pensions/Other Postemployment Benefits (OPEB)

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

Accrued Liabilities and Long-term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Bonds and capital leases are recognized as a liability on the fund financial statements when due. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

Internal Activity

Transfers between governmental funds are eliminated on the government-wide financial statements. Internal events that are allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Interfund payments for services provided and used are not eliminated.

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

Campbell City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

Fund Balance

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

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

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

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

Assigned Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. These amounts are assigned by the School District Board of Education. In the general fund, assigned amounts represent intended uses established by the School District Board of Education or a School District official delegated that authority by resolution or by State statute. The Board of Education assigned fund balance for public school support. The Board of Education has assigned fund balance for support services and to cover a gap between revenues and appropriations in fiscal year 2019’s appropriated budget.

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

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

Campbell City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

Net Position

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

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

Bond Premium

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

Estimates

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

Note 3 – Fund Deficits

The following funds had deficit fund balances as of June 30, 2018:

Special Revenue Funds

Food Service	\$27,296
Public Preschool	21,630
IDEA-B Special Education	51,220
Title I	195,911
Reducing Class Size	27,042
Miscellaneous Federal Grants	11,565

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

Campbell City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

Note 4 – Fund Balances

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

Fund Balances	General	Building	Other Governmental Funds	Total
<i>Nonspendable</i>				
Prepays	\$44,928		\$0	\$44,928
Materials and Supplies Inventory	0	0	1,931	1,931
<i>Total Nonspendable</i>	44,928	0	1,931	46,859
<i>Restricted for</i>				
Scholarships	0	0	10,163	10,163
Community Programs	0	0	232	232
Classroom Facilities Maintenance	0	0	512,142	512,142
Athletics	0	0	40,523	40,523
Non-Public Schools	0	0	2,413	2,413
Data and Information Systems	0	0	7,266	7,266
Early Literacy Reading Programs	0	0	6,267	6,267
Debt Service Payments	0	0	332,453	332,453
Capital Improvements	0	8,736,106	617,652	9,353,758
New Teacher Mentoring	200	0	0	200
Professional Development	217	0	0	217
<i>Total Restricted</i>	417	8,736,106	1,529,111	10,265,634
<i>Assigned to</i>				
Fiscal Year 2019 Operations	1,867,996	0	0	1,867,996
Public School Support	6,374	0	0	6,374
Purchases on Order:				
Instruction	17,229	0	0	17,229
Support Services/Non-Instructional	122,001	0	0	122,001
<i>Total Assigned</i>	2,013,600	0	0	2,013,600
<i>Unassigned (Deficit)</i>	3,136,453	0	(336,595)	2,799,858
<i>Total Fund Balances</i>	\$5,195,398	\$8,736,106	\$1,194,447	\$15,125,951

Campbell City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

Note 5 - Budgetary Basis of Accounting

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

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

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

Net Change in Fund Balance	
GAAP Basis	\$1,101,919
Revenue Accruals	(88,029)
Advance In	269,524
Ending Fair Value Adjustment	
for Investments	34,828
Beginning Unrecorded Cash	763
Ending Unrecorded Cash	(22,005)
Expenditure Accruals	35,615
Advance Out	(218,091)
Perspective Difference:	
Public School Support	1,796
Encumbrances	(227,315)
Budget Basis	\$889,005

Campbell City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

Note 6 - Deposits and Investments

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

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

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

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

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

1. United States Treasury bills, bonds notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, and with certain limitations bonds and other obligations of political subdivisions of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio); and
8. Certain bankers' acceptances and commercial paper for a period not to exceed one hundred eighty days in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched

Campbell City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity.

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

Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At June 30, 2018, \$1,047,904 of the School District's total bank balance of \$3,846,021 was exposed to custodial credit risk because those deposits were uninsured and uncollateralized. The School District's financial institution participates in the Ohio Pooled Collateral System (OPCS) and was approved for a reduced collateral floor of 58.65 percent resulting in the uninsured and uncollateralized balance.

The School District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or be protected by:

Eligible securities pledged to the School District and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

Investments

Investments are reported at fair value. As of June 30, 2018, the School District had the following investments:

Measurement/Investment	Measurement Amount	Maturity	Standard & Poor's Rating	Percentage of Total Investments
Fair Value - Level One Inputs:				
Money Market Mutual Fund	\$1,171,210	Less than one year	AAA	8.77%
Fair Value - Level Two Inputs:				
Federal Home Loan Bank Bonds	3,344,460	Less than one year	AAA	25.03%
Federal National Mortgage Association Notes	1,400,363	Less than two years	AAA	10.48%
Federal Farm Credit Bank Notes	820,123	Less than three years	AAA	6.14%
Federal Home Loan Mortgage Corporation Notes	371,297	Less than four years	AAA	2.78%
Commercial Paper	549,747	Less than one year	AAA	4.11%
US Treasury Notes	4,144,325	Less than one year	AAA	31.02%
Negotiable Certificates of Deposit	493,661	Less than one year	N/A	3.69%
Negotiable Certificates of Deposit	1,066,399	More than one year	N/A	7.98%
Total	\$13,361,585			

Campbell City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The above chart identifies the School District's recurring fair value measurements as of June 30, 2018. The Money Market Mutual Fund is measured at fair value and is valued using quoted market prices (Level 1 inputs). The School District's remaining investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data. (Level 2 inputs).

Interest Rate Risk As a means of limiting its exposure to fair value losses caused by rising interest rates, the School District's investment policy requires that operating funds be invested primarily in short-term investments maturing within five years from date of purchase and that the School District's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments. The stated intent of the policy is to avoid the need to sell securities prior to maturity.

Credit Risk The Standard and Poor's ratings of the School Districts investments are listed in the table above. The negotiable certificates of deposit are unrated. The School District has no investment policy that addresses credit risk.

Concentration of Credit Risk The School District places no limit on the amount it may invest in any one issuer.

Note 7 - Property Taxes

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenues received in calendar year 2018 represent the collection of calendar year 2017 taxes. Real property taxes received in calendar year 2018 were levied after April 1, 2017, on the assessed value listed as of January 1, 2017, the lien date. Assessed values for real property are established by State law at thirty-five percent of appraised market value. Real property are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenues received in calendar year 2018 represents collections of calendar year 2017 taxes. Public utility real and tangible personal property taxes received in calendar year 2018 became a lien on December 31, 2016, were levied after April 1, 2017, and are collected in 2018 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Campbell City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

The School District receives property taxes from Mahoning County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2018, are available to finance fiscal year 2018 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property and public utility property taxes which are measurable as of June 30, 2018, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources – property taxes.

The amount available as an advance at June 30, 2018, was \$55,787 in the general fund, \$689 in the classroom facilities special revenue fund and \$5,524 in the bond retirement debt service fund. The amount available as an advance at June 30, 2017, was \$52,718 in the general fund, \$766 in the classroom facilities special revenue fund and \$5,516 in the bond retirement debt service fund.

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

The assessed values upon which the fiscal year 2018 taxes were collected are:

	2017 Second Half Collections		2018 First Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$61,829,070	94.22%	\$56,654,330	93.49%
Public Utility Personal	3,790,470	5.78	3,946,330	6.51
Total	\$65,619,540	100.00%	\$60,600,660	100.00%
Full Tax Rate per \$1,000 of assessed valuation	\$42.65		\$47.35	

The total gross tax rate increased due mainly to the emergency bond levy tax rate increasing from 14.60 percent to 19.0 percent in order to generate equivalent tax revenues on lower assessed property values.

Note 8 - Receivables

Receivables at June 30, 2018, consisted of taxes, accrued interest, interfund and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. All receivables except property taxes are expected to be received within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

Campbell City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

A summary of the principal items of intergovernmental receivables follows:

Governmental Activities	Amounts
Title I Grant	\$200,798
IDEA-B Special Education Grant	106,991
Bureau of Workers Compensation Refund	55,413
Medicaid Reimbursement	38,535
Public Preschool	36,306
State Foundation Adjustment	16,420
Miscellaneous Federal Grants	11,754
Youngstown State University	3,197
Miscellaneous Reimbursements	2,886
Reducing Class Size	1,174
Total	\$473,474

Note 9 - Contingencies

Grants

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2018, if applicable, cannot be determined at this time.

School Foundation

School District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, additional ODE adjustments for fiscal year 2018 are not finalized. ODE has finalized the impact of enrollment adjustments to the June 30, 2018 foundation funding for the School District. These adjustments were insignificant for the School District.

Litigation

The School District is not party to legal proceedings.

Campbell City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

Note 10 - Risk Management

Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2018, the School District contracted with Schools of Ohio Risk Sharing Authority (SORSA) for property and liability insurance. The comprehensive commercial insurance coverage limits are \$55,428,236 with a \$1,000 deductible. The business auto coverage limits are \$15,000,000 for liability and \$1,000,000 for uninsured motorists. The School District has liability insurance coverage limits of \$15,000,000 per claim and \$17,000,000 general aggregate.

Employee Health Benefits

For fiscal 2018, the School District was a participant in the Mahoning County School Employees Insurance Consortium (the "Consortium") to provide employee health, dental, vision and prescription drug benefits. The Consortium is administered by Medical Mutual.

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

Effective January 1, 2018, the School District provides full-time employees with 89 percent Board paid hospitalization, prescription drug, dental and vision.

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

Worker's Compensation

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

Note 11 - Other Employee Benefits

Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per year, depending upon length of service and hours worked. The Superintendent and the Treasurer earn 25 days of vacation annually. Accumulated, unused vacation is not paid out to employees upon termination of employment. Teachers do not earn vacation.

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

Campbell City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

five percent of the total sick leave accumulation, up to a maximum of sixty-two days. Classified employees with sixteen years or more of service upon retirement receive payment for twenty-five percent of the total sick leave accumulation, up to a maximum of sixty days.

Life Insurance Benefits

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

Note 12 – Capital Assets

Capital asset activity for the fiscal year ended June 30, 2018, was as follows:

Governmental Activities	Balance 6/30/2017	Additions	Deductions	Balance 6/30/2018
<i>Capital Assets not being Depreciated:</i>				
Land	\$130,245	\$0	\$0	\$130,245
Construction in Progress	0	260,770	0	260,770
<i>Total Nondepreciable Capital Assets</i>	130,245	260,770	0	391,015
<i>Capital Assets being Depreciated:</i>				
Land Improvements	1,179,352	0	0	1,179,352
Buildings and Improvements	39,537,325	0	0	39,537,325
Furniture, Fixtures and Equipment	4,810,413	21,480	0	4,831,893
Vehicles	1,296,998	28,708	(285,388)	1,040,318
<i>Total Capital Assets being Depreciated</i>	46,824,088	50,188	(285,388)	46,588,888
<i>Less Accumulated Depreciation:</i>				
Land Improvements	(1,009,877)	(36,053)	0	(1,045,930)
Buildings and Improvements	(11,903,106)	(810,477)	0	(12,713,583)
Furniture, Fixtures and Equipment	(4,594,766)	(73,004)	0	(4,667,770)
Vehicles	(762,601)	(69,747)	256,849	(575,499)
<i>Total Accumulated Depreciation</i>	(18,270,350)	(989,281) *	256,849	(19,002,782)
<i>Total Assets being Depreciated, Net</i>	28,553,738	(939,093)	(28,539)	27,586,106
<i>Governmental Activities Capital Assets, Net</i>	\$28,683,983	(\$678,323)	(\$28,539)	\$27,977,121

Campbell City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

*Depreciation expense was charged to governmental activities as follows:

Instruction:	
Regular	\$383,902
Special	84,653
Support Services:	
Instructional Staff	38,172
Board of Education	4,825
Administration	36,316
Fiscal	7,280
Operation and Maintenance of Plant	102,899
Pupil Transportation	68,972
Food Service Operation	91,774
Extracurricular Activities	170,488
Total Depreciation Expense	<u>\$989,281</u>

Note 13 – Defined Benefit Pension Plans

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

Net Pension Liability/Net OPEB Liability

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

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

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

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the

Campbell City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system’s board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability. Resulting adjustments to the net pension/OPEB liability would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

The proportionate share of each plan’s unfunded benefits is presented as a long-term *net pension/OPEB liability* on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 14 for the required OPEB disclosures.

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

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

Campbell City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2018, the allocation to pension, death benefits, and Medicare B was 13.5 percent. The remaining .5 percent was allocated to the Health Care Fund.

The School District's contractually required contribution to SERS was \$300,080 for fiscal year 2018. Of this amount \$18,346 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan, and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307.

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. Effective July 1, 2017, the cost-of-living adjustment was reduced to zero. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 26 years of service, or 31 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

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

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12 percent of the 14 percent member rate goes to the DC Plan and the remaining 2 percent goes to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 or later.

Campbell City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2018, the employer rate was 14 percent and the plan members were also required to contribute 14 percent of covered salary. The fiscal year 2018 contribution rates were equal to the statutory maximum rates.

The School District's contractually required contribution to STRS was \$916,224 for fiscal year 2018. Of this amount \$181,523 is reported as an intergovernmental payable.

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

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportion of the Net Pension Liability			
Prior Measurement Date	0.07292570%	0.05604610%	
Proportion of the Net Pension Liability			
Current Measurement Date	0.06972700%	0.05626206%	
Change in Proportionate Share	-0.00319870%	0.00021596%	
Proportionate Share of the Net			
Pension Liability	\$4,166,035	\$13,365,173	\$17,531,208
Pension Expense	(\$283,677)	(\$5,256,725)	(\$5,540,402)

Campbell City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

At June 30, 2018, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$179,292	\$516,100	\$695,392
Changes of assumptions	215,429	2,923,110	3,138,539
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	1,344	53,886	55,230
School District contributions subsequent to the measurement date	<u>300,080</u>	<u>916,224</u>	<u>1,216,304</u>
Total Deferred Outflows of Resources	<u><u>\$696,145</u></u>	<u><u>\$4,409,320</u></u>	<u><u>\$5,105,465</u></u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$0	\$107,718	\$107,718
Net difference between projected and actual earnings on pension plan investments	19,775	441,066	460,841
Changes in Proportionate Share and Difference between School District contributions and proportionate share of contributions	<u>236,059</u>	<u>234,637</u>	<u>470,696</u>
Total Deferred Inflows of Resources	<u><u>\$255,834</u></u>	<u><u>\$783,421</u></u>	<u><u>\$1,039,255</u></u>

\$1,216,304 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2019	\$33,354	\$505,355	\$538,709
2020	183,537	1,105,359	1,288,896
2021	20,459	852,007	872,466
2022	<u>(97,119)</u>	<u>246,954</u>	<u>149,835</u>
Total	<u><u>\$140,231</u></u>	<u><u>\$2,709,675</u></u>	<u><u>\$2,849,906</u></u>

Actuarial Assumptions - SERS

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

Campbell City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2017, are presented below:

Wage Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	2.5 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

Prior to 2017, an assumption of 3 percent was used for COLA or Ad Hoc COLA.

For 2017, the mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates. Mortality among disabled members were based upon the RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

The most recent experience study was completed for the five year period ended June 30, 2015.

The long-term return expectation for the Pension Plan Investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating an arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalanced uncorrelated asset classes.

Campbell City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	1.00 %	0.50 %
US Stocks	22.50	4.75
Non-US Stocks	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	10.00	3.00
 Total	 <u>100.00 %</u>	

Discount Rate The total pension liability was calculated using the discount rate of 7.50 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.50 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.50 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	<u>1% Decrease (6.50%)</u>	<u>Current Discount Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
School District's proportionate share of the net pension liability	\$5,781,373	\$4,166,035	\$2,812,859

Campbell City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2017, actuarial valuation, compared with July 1, 2016 are presented below:

	July 1, 2017	July 1, 2016
Inflation	2.50 percent	2.75 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation	7.75 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3.5 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA commences on fifth anniversary of retirement date.

For the July 1, 2017, actuarial valuation, post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

For the July 1, 2016 actuarial valuation, mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89, and no set back from age 90 and above.

Actuarial assumptions used in the July 1 2017, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016. Actuarial assumptions used in the June 30, 2016, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

Campbell City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

STRS' investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return *</u>
Domestic Equity	28.00 %	7.35 %
International Equity	23.00	7.55
Alternatives	17.00	7.09
Fixed Income	21.00	3.00
Real Estate	10.00	6.00
Liquidity Reserves	1.00	2.25
 Total	 <u>100.00 %</u>	

* 10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2017. The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2016. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2017. Therefore, the long-term expected rate of return on pension plan investments of 7.45 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2017.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the School District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.45 percent, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.45 percent) or one-percentage-point higher (8.45 percent) than the current rate:

	<u>1% Decrease (6.45%)</u>	<u>Current Discount Rate (7.45%)</u>	<u>1% Increase (8.45%)</u>
School District's proportionate share of the net pension liability	\$19,158,521	\$13,365,173	\$8,485,146

Campbell City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

Note 14 – Postemployment Benefits

See Note 13 for a description of the net OPEB liability.

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description - The School District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2018, 0.5 percent of covered payroll was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2018, this amount was \$23,700. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2018, the School District's surcharge obligation was \$39,234.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was \$50,348 for fiscal year 2018. Of this amount \$39,913 is reported as an intergovernmental payable.

Campbell City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

Plan Description - State Teachers Retirement System (STRS)

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians’ fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2020. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2018, STRS did not allocate any employer contributions to post-employment health care.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB liability was based on the School District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net OPEB Liability			
Prior Measurement Date	0.07375020%	0.05604610%	
Proportion of the Net OPEB Liability			
Current Measurement Date	<u>0.07050360%</u>	<u>0.05626206%</u>	
Change in Proportionate Share	<u>-0.00324660%</u>	<u>0.00021596%</u>	
Proportionate Share of the Net			
OPEB Liability	\$1,892,130	\$2,195,139	\$4,087,269
OPEB Expense	\$86,011	(\$668,188)	(\$582,177)

Campbell City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

At June 30, 2018, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$0	\$126,717	\$126,717
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	0	9,900	9,900
School District contributions subsequent to the measurement date	<u>50,348</u>	<u>0</u>	<u>50,348</u>
Total Deferred Outflows of Resources	<u><u>\$50,348</u></u>	<u><u>\$136,617</u></u>	<u><u>\$186,965</u></u>
Deferred Inflows of Resources			
Changes of assumptions	\$179,554	\$176,825	\$356,379
Net difference between projected and actual earnings on OPEB plan investments	4,997	93,825	98,822
Changes in Proportionate Share and Difference between School District contributions and proportionate share of contributions	<u>74,229</u>	<u>0</u>	<u>74,229</u>
Total Deferred Inflows of Resources	<u><u>\$258,780</u></u>	<u><u>\$270,650</u></u>	<u><u>\$529,430</u></u>

\$50,348 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30:	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2019	(\$93,199)	(\$30,157)	(\$123,356)
2020	(93,199)	(30,157)	(123,356)
2021	(71,132)	(30,157)	(101,289)
2022	(1,250)	(30,158)	(31,408)
2023	0	(6,701)	(6,701)
Thereafter	<u>0</u>	<u>(6,703)</u>	<u>(6,703)</u>
Total	<u><u>(\$258,780)</u></u>	<u><u>(\$134,033)</u></u>	<u><u>(\$392,813)</u></u>

Actuarial Assumptions - SERS

The total OPEB liability is determined by SERS' actuaries in accordance with GASB Statement No. 74, as part of their annual actuarial valuation for each retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Campbell City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

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

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2017, are presented below:

Wage Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation
Municipal Bond Index Rate:	
Measurement Date	3.56 percent
Prior Measurement Date	2.92 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Measurement Date	3.63 percent
Prior Measurement Date	2.98 percent
Medical Trend Assumption	
Medicare	5.50 to 5.00 percent
Pre-Medicare	7.50 to 5.00 percent

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, 120 percent of male rates and 110 percent of female rates. RP-2000 Disabled Mortality Table with 90 percent for male rates and 100 percent for female rates set back five years.

The most recent experience study was completed for the five year period ended June 30, 2015.

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2010 through 2015, and was adopted by the Board on April 21, 2016. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.50 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

Campbell City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

The SERS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 13.

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2017 was 3.63 percent. The discount rate used to measure total OPEB liability prior to June 30, 2017 was 2.98 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 2.00 percent of projected covered employee payroll each year, which includes a 1.50 percent payroll surcharge and 0.50 percent of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.56 percent, as of June 30, 2017 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.63 percent) and higher (4.63 percent) than the current discount rate (3.63 percent). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.5 percent decreasing to 4.0 percent) and higher (8.5 percent decreasing to 6.0 percent) than the current rate

	1% Decrease (2.63%)	Current Discount Rate (3.63%)	1% Increase (4.63%)
School District's proportionate share of the net OPEB liability	\$2,284,990	\$1,892,130	\$1,580,887
	1% Decrease (6.5 % decreasing to 4.0 %)	Current Trend Rate (7.5 % decreasing to 5.0 %)	1% Increase (8.5 % decreasing to 6.0 %)
School District's proportionate share of the net OPEB liability	\$1,535,323	\$1,892,130	\$2,364,374

Campbell City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

Actuarial Assumptions – STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2017, actuarial valuation are presented below:

Inflation	2.50 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017
Blended Discount Rate of Return	4.13 percent
Health Care Cost Trends	6 to 11 percent initial, 4.5 percent ultimate

Projections of benefits include the historical pattern of sharing benefit costs between the employers and retired plan members.

For healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. For disabled retirees, mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2017, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

Since the prior measurement date, the discount rate was increased from 3.26 percent to 4.13 percent based on the methodology defined under *GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)* and the long term expected rate of return was reduced from 7.75 percent to 7.45 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

Also since the prior measurement date, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019. Subsequent to the current measurement date, the date for discontinuing remaining Medicare Part B premium reimbursements was extended to January 2020.

The STRS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 13.

Campbell City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

Discount Rate The discount rate used to measure the total OPEB liability was 4.13 percent as of June 30, 2017. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was not projected to be sufficient to make all projected future benefit payments of current plan members. The OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2037. Therefore, the long-term expected rate of return on OPEB plan assets was used to determine the present value of the projected benefit payments through the fiscal year ending June 30, 2036 and the Bond Buyer 20-year municipal bond rate of 3.58 percent as of June 30, 2017 (i.e. municipal bond rate), was used to determine the present value of the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The blended discount rate of 4.13 percent, which represents the long-term expected rate of return of 7.45 percent for the funded benefit payments and the Bond Buyer 20-year municipal bond rate of 3.58 percent for the unfunded benefit payments, was used to measure the total OPEB liability as of June 30, 2017. A blended discount rate of 3.26 percent which represents the long term expected rate of return of 7.75 percent for the funded benefit payments and the Bond Buyer 20-year municipal bond rate of 2.85 percent for the unfunded benefit payments was used to measure the total OPEB liability at June 30, 2016.

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount and Health Care Cost Trend Rate The following table represents the net OPEB liability as of June 30, 2017, calculated using the current period discount rate assumption of 4.13 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.13 percent) or one percentage point higher (5.13 percent) than the current assumption. Also shown is the net OPEB liability as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
School District's proportionate share of the net OPEB liability	\$2,946,938	\$2,195,139	\$1,600,971
	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB liability	\$1,525,088	\$2,195,139	\$3,077,002

Campbell City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

Note 15 - Interfund Transactions

Interfund Transfers

The general fund transferred \$52,525 to the bond retirement debt service fund for the payment of debt obligations. The general fund transferred \$852,849 to the permanent improvement capital projects fund for construction projects.

Interfund Balances

The general fund reported an interfund receivable at June 30, 2018 of \$218,091. The other governmental funds had an interfund payable of \$218,091 due to the timing of grant receipts. All advances are expected to be repaid within one year.

Note 16 - Jointly Governed Organizations

Area Cooperative Computerized Educational Service System Council of Governments

The Area Cooperative Computerized Educational Service System (ACCESS) Council of Governments is a computer network which provides data services to twenty-three school districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. Each of the governments of these schools supports ACCESS based upon a per pupil charge before any e-rate credits. The School District paid \$14,535 to ACCESS during fiscal year 2018. ACCESS is governed by an assembly consisting of the superintendents or other designees of the member school districts. The assembly exercises total control over the operation of ACCESS including budgeting, appropriating, contracting and designating management. The degree of control exercised by any participating school district is limited to its representation on the Board. All of ACCESS revenues are generated from charges for services and State funding. Financial information can be obtained by contacting the Treasurer at the Mahoning County Educational Service Center, who serves as fiscal agent, at 7320 North Palmyra Road, Suite 127, Canfield, Ohio 44406.

Mahoning County Career and Technical Center

The Mahoning County Career and Technical Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of representatives from the participating school districts' elected boards, which possesses its own budgeting and taxing authority. The degree of control exercised by any participating school district is limited to its representation on the Board. The School District did not contribute any amounts to the Mahoning County Career and Technical Center during fiscal year 2018. To obtain financial information, write to the Treasurer of the Career and Technical Center at 7300 North Palmyra Road, Canfield, Ohio 44406.

Campbell City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

Note 17 – Capital Leases

In prior years, the School District entered into a capital lease for the construction of a stadium facility. The lease obligation meets the criteria of a capital lease and has been recorded on the government-wide statements. The original amounts capitalized for the capital lease and the book value as of June 30, 2018 follows:

	Amounts
Asset:	
Land Improvements	\$145,171
Buildings and Improvements	2,689,829
Less: Accumulated Depreciation	(870,704)
Current Book Value	\$1,964,296

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

Year ending June 30,	Capital Lease
2019	\$231,504
2020	230,866
2021	229,737
2022	229,093
2023	228,740
Total Minimum Lease Payments	1,149,940
Less: Amount Representing Interest	(135,940)
Present Value of Minimum Lease Payments	\$1,014,000

Note 18 - Long-Term Obligations

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

Debt Issue	Interest Rate	Original Issue	Year of Maturity
2010 Various Purpose Refunding Bonds:			
Current Interest Serial Bonds	2.90% to 3.70%	\$1,185,000	2018 to 2023
Energy Conservation Improvement Bonds:			
Current Interest Serial Bonds	1.20% to 1.40%	70,000	2017 to 2018
Current Issue Term Bonds	3.20% to 4.00%	480,000	2019 to 2029
Qualified Zone Academy Bonds:			
Serial Bonds	0.00%	9,000,000	2018 to 2033

Campbell City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

Changes in long-term obligations of the School District during fiscal year 2018 were as follows:

	Principal Outstanding 6/30/17	Additions	Deductions	Principal Outstanding 6/30/18	Amounts Due in One Year
General Obligation Bonds					
2010 Various Purpose Refunding Bonds					
Current Interest Serial Bonds	\$1,185,000	\$0	(\$180,000)	\$1,005,000	\$190,000
Premium	75,098	0	(13,864)	61,234	0
Total 2010 Various Purpose Refunding Bonds	1,260,098	0	(193,864)	1,066,234	190,000
Energy Conservation Improvement Bonds					
Current Interest Serial Bonds	35,000	0	(35,000)	0	0
Current Interest Term Bonds	480,000	0	0	480,000	35,000
Premium	16,738	0	(1,466)	15,272	0
Total Energy Conservation Improvement Bonds	531,738	0	(36,466)	495,272	35,000
Qualified Zone Academy Bonds (QZAB)					
Serial Bonds	0	9,000,000	0	9,000,000	600,000
<i>Total General Obligation Bonds</i>	1,791,836	9,000,000	(230,330)	10,561,506	825,000
Other Long-Term Obligations					
Net Pension Liability					
STRS	18,760,318	0	(5,395,145)	13,365,173	0
SERS	5,337,487	0	(1,171,452)	4,166,035	0
Total Net Pension Liability	24,097,805	0	(6,566,597)	17,531,208	0
Net OPEB Liability					
STRS	2,997,360	0	(802,221)	2,195,139	0
SERS	2,102,154	0	(210,024)	1,892,130	0
Total Net OPEB Liability	5,099,514	0	(1,012,245)	4,087,269	0
Capital Lease Payable	1,189,000	0	(175,000)	1,014,000	184,000
Compensated Absences	603,741	241,946	(187,565)	658,122	62,343
<i>Total Other Long-Term Obligations</i>	30,990,060	241,946	(7,941,407)	23,290,599	246,343
<i>Total Governmental Activities</i>					
Long-Term Liabilities	\$32,781,896	\$9,241,946	(\$8,171,737)	\$33,852,105	\$1,071,343

Compensated absences will be paid from the general fund and the food service, IDEA-B Special Education, Title I and reducing class size special revenue funds. Capital leases will be paid from the general fund. There are no repayment schedules for the net pension liability and net OPEB liability. However, employer pension and OPEB contributions are made from the general fund. For additional information related to the net pension and net OPEB liabilities see Notes 13 and 14.

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

Campbell City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

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

On December 14, 2017, the School District issued \$9,000,000 in qualified zone academy bonds (QZAB), in accordance with House of Representatives Bill 1424, the Emergency Economic Stabilization Act of 2008 (Public Law 110-343) as provided for under Sections 54A and 54E of the Internal Revenue Code of 1986, to be used for the development of a Community Literacy Workforce and Cultural Center that would include a STEM Academy and provide students with early college and workforce experience. The bonds come due annually and are subject to annual debt service requirements. The bonds will be repaid from the bond retirement debt service fund. The QZAB does not bear interest.

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

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

Campbell City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

The School District's overall debt margin was \$4,781,512 with an unvoted debt margin of \$60,601 at June 30, 2018. Principal and interest requirements to retire general obligation bonds are as follows:

	Various Purpose Refunding Bonds		QZAB
	Serial		Serial
	Principal	Interest	Principal
2019	\$190,000	\$31,710	\$600,000
2020	195,000	25,450	600,000
2021	200,000	18,735	600,000
2022	205,000	11,645	600,000
2023	215,000	3,977	600,000
2024 - 2028	0	0	3,000,000
2029 - 2033	0	0	3,000,000
Total	\$1,005,000	\$91,517	\$9,000,000

	Energy Conservation Improvement Bonds	
	Term	
	Principal	Interest
2019	\$35,000	\$16,720
2020	40,000	15,520
2021	40,000	14,240
2022	40,000	12,960
2023	40,000	11,680
2024-2028	235,000	33,920
2029	50,000	1,000
Total	\$480,000	\$106,040

Note 19 – Shared Risk Pools

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

Schools of Ohio Risk Sharing Authority The School District participates in the Schools of Ohio Risk Sharing Authority (SORSA), a shared risk pool among member school districts. SORSA was established in 2002 as an Ohio nonprofit, self-funded group insurance consortium that offers property, electronic data processing, boiler and machinery, crime, general liability, automobile liability and physical damage and school board errors and omissions insurance coverage. The Consortium is governed by a Board of Directors comprised of representatives from the participating school districts. The Board of Directors exercises control over the operation of the Consortium. Consortium revenues are generated from charges for services.

Campbell City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

Note 20 - Set-Aside Calculations

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

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

	<u>Capital Improvements</u>
Set-Aside Balance as of June 30, 2017	(\$1,185,000)
Current Year Set-aside Requirement	201,035
Qualifying Disbursements	(293,992)
Offsets	(282,419)
Total	(\$1,560,376)
Set-aside Balance Carried Forward to Future Fiscal Years	(\$1,005,000)
Set-Aside Balance as of June 30, 2018	\$0

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

Note 21 – Encumbrances

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

General	\$227,315
Other Governmental Funds	1,513,425
Total	\$1,740,740

Campbell City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

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

For fiscal year 2018, the School District implemented Governmental Accounting Standards Board (GASB) Statement No. 85, *Omnibus 2017*, Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, and related guidance from (GASB) Implementation Guide No. 2017-3, *Accounting and Financial Reporting for Postemployment Benefits other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)*.

For fiscal year 2018, the School District also implemented the Governmental Accounting Standards Board's (GASB) *Implementation Guide No. 2017-1*. These changes were incorporated in the School District's fiscal year 2018 financial statements; however, there was no effect on beginning net position/fund balance.

GASB 85 addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits (OPEB)). These changes were incorporated in the School District's fiscal year 2018 financial statements; however, there was no effect on beginning net position/fund balance.

GASB 75 established standards for measuring and recognizing Postemployment benefit liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditure. The implementation of this pronouncement had the following effect on net position as reported June 30, 2017:

Net Position June 30, 2017	\$11,241,681
Adjustments:	
Net OPEB Liability	(5,099,514)
Deferred Outflow - Payments Subsequent to Measurement Date	<u>37,255</u>
Restated Net Position June 30, 2017	<u><u>\$6,179,422</u></u>

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

Campbell City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

(This Page Intentionally Left Blank.)

Required Supplementary Information

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

	2018	2017	2016
School District's Proportion of the Net Pension Liability	0.06972700%	0.07292570%	0.07286820%
School District's Proportionate Share of the Net Pension Liability	\$4,166,035	\$5,337,487	\$4,157,930
School District's Covered Payroll	\$2,238,957	\$2,270,236	\$2,200,521
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered - Payroll	186.07%	235.11%	188.95%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.50%	62.98%	69.16%

(1) Information prior to 2014 is not available.

*Amounts presented for each fiscal year were determined as of the School District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information

<u>2015</u>	<u>2014</u>
0.07805700%	0.07805700%
\$3,950,420	\$4,641,799
\$2,283,221	\$2,290,542
173.02%	202.65%
71.70%	65.52%

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

	2018	2017
School District's Proportion of the Net OPEB Liability	0.07050360%	0.07375020%
School District's Proportionate Share of the Net OPEB Liability	\$1,892,130	\$2,102,154
School District's Covered Payroll	\$2,238,957	\$2,270,236
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered - Payroll	84.51%	92.60%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	12.46%	11.49%

(1) Information prior to 2017 is not available.

*Amounts presented for each fiscal year were determined as of the School District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information

(This Page Intentionally Left Blank.)

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

	2018	2017	2016
School District's Proportion of the Net Pension Liability	0.05626206%	0.05604610%	0.05626321%
School District's Proportionate Share of the Net Pension Liability	\$13,365,173	\$18,760,318	\$15,549,506
School District's Covered Payroll	\$6,262,564	\$5,901,036	\$5,878,264
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered - Payroll	213.41%	317.92%	264.53%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.30%	66.80%	72.10%

(1) Information prior to 2014 is not available.

*Amounts presented for each fiscal year were determined as of the School District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information

<u>2015</u>	<u>2014</u>
0.05787598%	0.05787598%
\$14,077,441	\$16,768,955
\$5,858,686	\$6,172,769
240.28%	271.66%
74.70%	69.30%

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

	2018	2017
School District's Proportion of the Net OPEB Liability	0.05626206%	0.05604610%
School District's Proportionate Share of the Net OPEB Liability	\$2,195,139	\$2,997,360
School District's Covered Payroll	\$6,262,564	\$5,901,036
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered - Payroll	35.05%	50.79%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	47.10%	37.30%

(1) Information prior to 2017 is not available.

*Amounts presented for each fiscal year were determined as of the School District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information

(This Page Intentionally Left Blank.)

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Net Pension Liability				
Contractually Required Contribution	\$300,080	\$313,454	\$317,833	\$290,029
Contributions in Relation to the Contractually Required Contribution	<u>(300,080)</u>	<u>(313,454)</u>	<u>(317,833)</u>	<u>(290,029)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll (1)	\$2,222,815	\$2,238,957	\$2,270,236	\$2,200,521
Pension Contributions as a Percentage of Covered Payroll	<u>13.50%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>13.18%</u>
Net OPEB Liability				
Contractually Required Contribution (2)	50,348	37,255	36,666	55,522
Contributions in Relation to the Contractually Required Contribution	<u>(50,348)</u>	<u>(37,255)</u>	<u>(36,666)</u>	<u>(55,522)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>2.27%</u>	<u>1.66%</u>	<u>1.62%</u>	<u>2.52%</u>
Total Contributions as a Percentage of Covered Payroll (2)	<u>15.77%</u>	<u>15.66%</u>	<u>15.62%</u>	<u>15.70%</u>

(1) The School District's covered payroll is the same for Pension and OPEB.

(2) Includes Surcharge

See accompanying notes to the required supplementary information

2014	2013	2012	2011	2010	2009
\$316,454	\$317,011	\$297,819	\$264,187	\$277,002	\$191,632
(316,454)	(317,011)	(297,819)	(264,187)	(277,002)	(191,632)
\$0	\$0	\$0	\$0	\$0	\$0
\$2,283,221	\$2,290,542	\$2,214,268	\$2,101,727	\$2,045,806	\$1,947,481
13.86%	13.84%	13.45%	12.57%	13.54%	9.84%
41,985	42,545	44,229	62,295	39,591	111,396
(41,985)	(42,545)	(44,229)	(62,295)	(39,591)	(111,396)
\$0	\$0	\$0	\$0	\$0	\$0
1.84%	1.86%	2.00%	2.96%	1.94%	5.72%
15.70%	15.70%	15.45%	15.53%	15.48%	15.56%

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Net Pension Liability				
Contractually Required Contribution	\$916,224	\$876,759	\$826,145	\$822,957
Contributions in Relation to the Contractually Required Contribution	<u>(916,224)</u>	<u>(876,759)</u>	<u>(826,145)</u>	<u>(822,957)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll (1)	\$6,544,457	\$6,262,564	\$5,901,036	\$5,878,264
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>
Net OPEB Liability				
Contractually Required Contribution	\$0	\$0	\$0	\$0
Contributions in Relation to the Contractually Required Contribution	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Total Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

(1) The School District's covered payroll is the same for Pension and OPEB.

See accompanying notes to the required supplementary information

2014	2013	2012	2011	2010	2009
\$761,629	\$802,460	\$805,121	\$854,375	\$848,692	\$831,441
(761,629)	(802,460)	(805,121)	(854,375)	(848,692)	(831,441)
\$0	\$0	\$0	\$0	\$0	\$0
\$5,858,686	\$6,172,769	\$6,193,238	\$6,572,115	\$6,528,400	\$6,395,700
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%
\$58,587	\$61,728	\$61,932	\$65,721	\$65,284	\$63,957
(58,587)	(61,728)	(61,932)	(65,721)	(65,284)	(63,957)
\$0	\$0	\$0	\$0	\$0	\$0
1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

Campbell City School District, Ohio
Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2018

Net Pension Liability

Changes in Assumptions – SERS

For fiscal year 2018, an assumption of 2.5 percent was used for COLA or Ad Hoc Cola. Prior to 2018, an assumption of 3 percent was used.

Beginning with fiscal year 2017, amounts reported incorporate changes in assumptions used by SERS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2016 and prior are presented below:

	Fiscal Year 2017	Fiscal Year 2016 and Prior
Wage Inflation	3.00 percent	3.25 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent	4.00 percent to 22.00 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation	7.75 percent net of investments expense, including inflation

Beginning with fiscal year 2017, mortality assumptions use mortality rates that are based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Amounts reported for fiscal year 2016 and prior, use mortality assumptions that are based on the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables were used for the period after disability retirement.

Changes in Assumptions - STRS

Amounts reported for fiscal year 2018 incorporate changes in assumptions and changes in benefit terms used by STRS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2017 and prior are presented below:

	Fiscal Year 2018	Fiscal Year 2017 and Prior
Inflation	2.50 percent	2.75 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation	7.75 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3.5 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA commences on fifth anniversary of retirement date.

For fiscal year 2018 post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-

Campbell City School District, Ohio
Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2018

2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

For fiscal year 2017 and prior actuarial valuation, mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89, and no set back from age 90 and above.

Net OPEB Liability

Changes in Assumptions – SERS

Amounts reported for fiscal year 2018 incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

Municipal Bond Index Rate:	
Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent

Changes in Assumptions – STRS

For fiscal year 2018, the discount rate was increased from 3.26 percent to 4.13 percent based on the methodology defined under GASB *Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)* and the long term expected rate of return was reduced from 7.75 percent to 7.45 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

Also for fiscal year 2018, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019.

**CAMPBELL CITY SCHOOL DISTRICT
MAHONING COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2018**

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Total Federal Receipts	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
<i>Passed Through Ohio Department of Education:</i>				
Child Nutrition Cluster:				
School Breakfast Program	10.553	3L60	\$107,228	\$107,228
National School Lunch Program	10.555	3L70	387,427	387,427
Summer Food Service Program for Children	10.559		12,542	12,542
Total U.S. Department of Agriculture - Nutrition Cluster			507,197	507,197
U.S. DEPARTMENT OF EDUCATION				
<i>Passed Through Ohio Department of Education:</i>				
Title I Grants to Local Educational Agencies - 2017	84.010	C1-S1-17	259,088	257,795
Title I Grants to Local Educational Agencies - 2018	84.010	C1-S1-18	526,855	604,156
Total Title I Grants to Local Educational Agencies			785,943	861,951
Special Education Grants to States (IDEA, Part B) - 2017	84.027	6B-SF-17	58,388	56,854
Special Education Grants to States (IDEA, Part B) - 2018	84.027	6B-SF-18	210,468	224,606
Total Special Education Grants to States			268,856	281,460
Improving Teacher Quality State Grants (Title II-A) - 2018	84.367	TR-S1-18	70,661	71,835
Total Improving Teacher Quality State Grants			70,661	71,835
Title IV-A Student Support	84.424			11,305
Total Title IV-A Student Support				11,305
U.S. DEPARTMENT OF EDUCATION				
<i>Passed Through Mahoning County Educational Service Center:</i>				
Title III LEP Grant	84.365	T3-S1-18	9,884	9,884
Total Title III LEP Grant			9,884	9,884
Total U.S. Department of Education			1,135,344	1,236,435
Total Federal Awards Receipts and Expenditures			\$ 1,642,541	\$ 1,743,632

The accompanying notes are an integral part of this schedule.

**CAMPBELL CITY SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL RECEIPTS AND EXPENDITURES
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Federal Receipts and Expenditures (the Schedule) includes the federal award activity of Campbell City School District (the District's) under programs of the federal government for the year ended June 30, 2018. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in net position of the District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The District has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE C - CHILD NUTRITION CLUSTER

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

NOTE D – FOOD DONATION PROGRAM

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

OHIO AUDITOR OF STATE KEITH FABER



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

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

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Campbell City School District, Mahoning County, (the District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 22, 2019, wherein we noted the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



Keith Faber
Auditor of State
Columbus, Ohio

February 22, 2019

OHIO AUDITOR OF STATE KEITH FABER



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

To the Board of Education:

Report on Compliance for the Major Federal Program

We have audited Campbell City School District's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the District's major federal program for the year ended June 30, 2018. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal program.

Management's Responsibility

The District's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

Auditor's Responsibility

Our responsibility is to opine on the District's compliance for the District's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on the Major Federal Program

In our opinion, Campbell City School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2018.

Report on Internal Control Over Compliance

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

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

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

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



Keith Faber
Auditor of State
Columbus, Ohio

February 22, 2019

**CAMPBELL CITY SCHOOL DISTRICT
MAHONING COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2018**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material weaknesses in internal control reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under 2 CFR § 200.516(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Nutrition Cluster (CFDA # 10.553 and 10.555)
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$750,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee under 2 CFR §200.520?	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

OHIO AUDITOR OF STATE KEITH FABER



CAMPBELL CITY SCHOOL DISTRICT

MAHONING COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 12, 2019**