



Mary Taylor, CPA
Auditor of State

**CAMPBELL CITY SCHOOL DISTRICT
MAHONING COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Statement of Net Assets	10
Statement of Activities	11
Balance Sheet - Governmental Funds.....	12
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities	13
Statement of Revenues, Expenditures and Changes In Fund Balances - Governmental Funds	14
Reconciliation of the Statement of Revenues, Expenditures and Changes In Fund Balances of Governmental Funds to the Statement of Activities	15
Statement of Revenues, Expenditures and Changes In Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) General Fund	16
Statement of Fund Net Assets-Internal Service Fund	17
Statement of Revenues, Expenses and Changes In Fund Net Assets—Internal Service Fund.....	18
Statement of Cash Flows – Internal Service Fund	19
Statement of Fiduciary Net Assets – Fiduciary Funds	20
Statement of Changes in Fiduciary Net Assets – Fiduciary Funds	21
Notes to the Basic Financial Statements	23
Federal Awards Expenditures Schedule.....	47
Notes to the Federal Awards Expenditures Schedule	48
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	49
Independent Accountants' Report on Compliance with Requirements Applicable to Each Major Federal Program and Internal Controls over Compliance in Accordance with OMB Circular A-133	51
Independent Accountants' Report on Applying Agreed-Upon Procedures.....	53
Schedule of Findings.....	55
Schedule of Prior Audit Findings.....	56

THIS PAGE INTENTIONALLY LEFT BLANK.



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

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, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

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, 2009, and the respective changes in financial position and where applicable, cash flows, thereof and the budgetary comparison for the General fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2009, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

Voinovich Government Center / 242 Federal Plaza W. / Suite 302 / Youngstown, OH 44503-1293
Telephone: (330) 797-9900 (800) 443-9271 Fax: (330) 797-9949
www.auditor.state.oh.us

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements. The federal awards expenditure schedule is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. We subjected the federal awards expenditure schedule to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

December 1, 2009

Campbell City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009
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, 2009. 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

- For governmental activities, net assets decreased by \$1,388,581, which represents a 4.3 percent decrease from 2008.
- General revenues accounted for \$11,704,894 in revenue or 77.9 percent of all governmental revenues. Program specific revenues in the form of charges for services and sales, grants, interest and contributions accounted for \$3,326,818 or 22.1 percent of total governmental revenues of \$15,031,712.
- Program expenses totaled \$16,420,293, a 2.0 percent increase from fiscal year 2008. Instructional expenses made up 63.7 percent of this total while support services accounted for 27.0 percent. Other expenses rounded out the remaining 9.3 percent.
- The general fund had \$11,415,808 in revenues and \$12,026,771 in expenditures and other financing uses. At the end of the fiscal year, the general fund is reporting a deficit fund balance of \$167,381, which is a decrease from the prior year positive fund balance of \$443,582.
- Outstanding long-term obligations decreased to \$5,237,693 from \$5,521,653 during 2009.

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 assets* presents information on all of the School District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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, 2009
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.

The government-wide financial statements can be found on pages 10-11 of this report.

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

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

The basic fund financial statements can be found on pages 12-15 of this report.

Proprietary Fund The School District's lone proprietary fund is an internal service fund. This fund's activity is closed into the governmental activities on the Statement of Net Assets and therefore, is not shown separately.

The basic proprietary fund financial statements can be found on pages 17-19 of this report.

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.

The basic fiduciary fund financial statements can be found on pages 20-21 of this report.

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. The notes to the financial statements can be found on pages 22-46 of this report.

Government-wide Financial Analysis

As noted earlier, net assets 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 Assets for 2009 compared to 2008.

Campbell City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009
Unaudited

Table 1
 Net Assets
 Governmental Activities

	2009	2008	Change
Assets			
Current and Other Assets	\$5,517,391	\$6,081,794	(\$564,403)
Capital Assets, Net	35,386,095	36,568,659	(1,182,564)
Total Assets	40,903,486	42,650,453	(1,746,967)
Liabilities			
Current Liabilities	4,405,752	4,480,178	(74,426)
Long-Term Liabilities			
Due Within One Year	375,041	408,624	(33,583)
Due in More Than One Year	4,862,652	5,113,029	(250,377)
Total Liabilities	9,643,445	10,001,831	(358,386)
Net Assets			
Invested in Capital Assets, Net of Related Debt	31,002,561	31,781,742	(779,181)
Restricted for:			
Capital Projects	79,671	72,975	6,696
Debt Service	223,303	282,776	(59,473)
Other Purposes	456,782	575,075	(118,293)
Unrestricted (Deficit)	(502,276)	(63,946)	(438,330)
Total Net Assets	\$31,260,041	\$32,648,622	(\$1,388,581)

Current assets decreased \$564,403 due mainly to decreases in cash and cash equivalents and property taxes receivable. Net capital assets decreased by \$1,182,564 due to an additional year of depreciation.

Total liabilities decreased \$358,386 mainly due to annual payments on the School District's current long-term debt obligations and decreases in deferred revenue

A portion of the School District's net assets, \$759,756, represents resources that are subject to external restrictions on how the funds may be used. Of the total restricted net assets, \$79,671 is restricted for capital projects, \$223,303 is restricted for debt service, and \$456,782 is restricted for other purposes. The School District's unrestricted net assets total a deficit of \$502,276.

The remaining balance of net assets \$31,002,561 is investment in capital assets (e.g., land, land improvements, buildings and improvements, equipment, furniture and vehicles) less any related debt used to acquire those assets that is still outstanding. The School District uses these capital assets to provide services to students; consequently, these assets are not available for future spending.

Campbell City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009
Unaudited

Table 2 shows the changes in net assets for fiscal year 2009 compared to 2008.

Table 2
 Governmental Activities

	2009	2008	Change
Program Revenues			
Charges for Services and Sales	\$265,657	\$237,314	\$28,343
Operating Grants, Contributions and Interest	3,042,673	4,118,345	(1,075,672)
Capital Grants and Contributions	18,488	10,098	8,390
<i>Total Program Revenues</i>	<u>3,326,818</u>	<u>4,365,757</u>	<u>(1,038,939)</u>
General Revenues			
Property Taxes	2,332,086	2,468,091	(136,005)
Grants and Entitlements	9,316,238	8,304,902	1,011,336
Investment Earnings	22,386	74,950	(52,564)
Miscellaneous	34,184	40,174	(5,990)
<i>Total General Revenues</i>	<u>11,704,894</u>	<u>10,888,117</u>	<u>816,777</u>
<i>Total Revenues</i>	<u>15,031,712</u>	<u>15,253,874</u>	<u>(222,162)</u>
Program Expenses			
Instruction:			
Regular	(6,639,127)	(6,792,289)	153,162
Special	(2,240,217)	(2,158,438)	(81,779)
Vocational	(274,494)	(142,173)	(132,321)
Student Intervention Services	(1,297,592)	(1,037,559)	(260,033)
Support Services			
Pupil	(377,808)	(453,271)	75,463
Instructional Staff	(302,318)	(295,499)	(6,819)
Board of Education	(21,813)	(17,932)	(3,881)
Administration	(972,703)	(945,484)	(27,219)
Fiscal	(319,547)	(311,185)	(8,362)
Business	(69,101)	(69,897)	796
Operation and Maintenance of Plant	(1,940,358)	(1,882,095)	(58,263)
Pupil Transportation	(436,894)	(453,149)	16,255
Operation of Non-Instructional Services	(75,177)	(74,709)	(468)
Operation of Food Services	(569,511)	(578,961)	9,450
Extracurricular Activities	(623,712)	(595,878)	(27,834)
Interest and Fiscal Charges	(259,921)	(283,699)	23,778
<i>Total Program Expenses</i>	<u>(16,420,293)</u>	<u>(16,092,218)</u>	<u>(328,075)</u>
<i>Decrease in Net Assets</i>	(1,388,581)	(838,344)	(550,237)
Net Assets Beginning of Year	<u>32,648,622</u>	<u>33,486,966</u>	<u>(838,344)</u>
Net Assets End of Year	<u>\$31,260,041</u>	<u>\$32,648,622</u>	<u>(\$1,388,581)</u>

Campbell City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009
Unaudited

The vast majority of revenue supporting governmental activities is general revenue. General revenue totaled \$11,704,894 or 77.9 percent of the total revenue, an increase of \$816,777 from the prior fiscal year. The increase is due to an increase in grants and entitlements. The remaining amount of revenue received was in the form of program revenues which equaled \$3,326,818 or 22.1 percent of total revenue.

The decrease in net assets was \$1,388,581 in fiscal year 2009. Revenues decreased \$222,162 or 1.5 percent, total program expenses increased \$328,075 or 2.0 percent when comparing fiscal year 2009 to fiscal year 2008.

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 2009 compared to 2008.

Table 3
 Total and Net Cost of Program Services
 Governmental Activities

	2009		2008	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
Instruction:				
Regular	\$6,639,127	\$6,174,881	\$6,792,289	\$6,228,531
Special	2,240,217	1,375,138	2,158,438	478,593
Vocational	274,494	274,494	142,173	39,507
Student Intervention Services	1,297,592	357,375	1,037,559	90,855
Support Services:				
Pupil	377,808	329,490	453,271	395,423
Instructional Staff	302,318	294,782	295,499	290,495
Board of Education	21,813	21,813	17,932	17,932
Administration	972,703	929,689	945,484	883,739
Fiscal	319,547	319,547	311,185	311,185
Business	69,101	69,101	69,897	69,897
Operation and Maintenance of Plant	1,940,358	1,857,084	1,882,095	1,800,635
Pupil Transportation	436,894	341,853	453,149	309,122
Operation of Non-Instructional Services	75,177	(6,039)	74,709	52,494
Operation of Food Services	569,511	46,942	578,961	18,305
Extracurricular Activities	623,712	447,404	595,878	456,049
Interest and Fiscal Charges	259,921	259,921	283,699	283,699
Total	\$16,420,293	\$13,093,475	\$16,092,218	\$11,726,461

The dependence upon general revenues for governmental activities is apparent as local property tax accounts for roughly 15.5 percent and grants and entitlements account for 62.0 percent of the total revenues in fiscal year 2009. 78.3 percent of instructional activities are supported through taxes and other general revenues; for all governmental activities general revenue support is 79.7 percent of total governmental expenditures.

Campbell City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009
Unaudited

Financial Analysis of the Government's Funds

Governmental Funds Information about the School District's major fund begins on page 14. This fund is accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$14,956,602 and expenditures of \$15,374,303. The general fund had a decrease in fund balance of \$610,963 due to expenditures outpacing revenues in fiscal year 2009.

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 2009, 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 \$11,310,798, slightly lower than the original budget estimate of \$11,623,246. The change was attributed to decreases in estimates for all revenues.

The difference between the original budget appropriations and the final budget appropriations of the general fund was \$145,582. The change was attributed to decreases in predominantly instructional and support services estimates.

Capital Assets and Long-term Liabilities

Capital Assets The School District's investment in capital assets for its governmental activities as of June 30, 2009, amounted to \$35,386,095. The total decrease in the School District's investment in capital assets for the current fiscal year was 3.2 percent. Table 4 shows fiscal 2009 values compared to fiscal 2008.

Table 4

Capital Assets at June 30
 Governmental Activities

	2009	2008
Land	\$130,245	\$130,245
Land Improvements	1,205,122	1,286,149
Buildings and Improvements	32,901,044	33,675,364
Furniture, Fixtures and Equipment	910,860	1,222,984
Vehicles	238,824	253,917
Total Capital Assets	\$35,386,095	\$36,568,659

All capital assets, except land, are reported net of depreciation. As one can see, total capital assets decreased during the fiscal year by \$1,182,564. This decrease was due to an additional year of depreciation. For more information about the School District's capital assets, see Note 10 to the basic financial statements.

Campbell City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009
Unaudited

Debt

At June 30, 2009, the School District had \$5,237,693 in outstanding long-term obligations. Table 5 below summarizes the School District's long-term outstanding obligations.

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

	2009	2008
2000 OSFC Various Improvement Bonds	\$2,199,047	\$2,291,977
Capital Leases Payable	2,364,534	2,642,917
Compensated Absences	674,112	586,759
Total	\$5,237,693	\$5,521,653

The School District's overall legal debt margin was \$5,314,973 with an unvoted debt margin of \$78,759. For more information about the School District's debt, see Note 15 to the basic financial statements.

School District Outlook

The School District continues to have a diverse student population which exposes students to different cultural backgrounds and encourages greater understanding of cultural differences.

The School District is committed to educational progress. In fiscal year 2009, the School District received a designation of excellent from the Ohio Department of Education.

The School District is also committed to financial responsibility; however, the financial future of the School District is not without challenges. The School District continues to rely heavily upon grants and entitlements and State funding. Due to the School District's high student poverty rate, special education needs and substantial number of non-English-speaking students, grants and entitlements are expected to continue at present levels or rise slightly.

The School District has a 14.1 mill emergency levy which generates almost \$1,000,000 annually. This levy, which was renewed in 2005, will expire in 2010.

The School District's system of budgeting and internal controls is well regarded. As we face the financial challenges of the future, the Campbell City Schools Board of Education, Superintendent, Treasurer and other administrators are working very hard to control expenses and be fiscally responsible.

Contacting the School District's Financial Management Personnel

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

Campbell City School District

Statement of Net Assets

June 30, 2009

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$2,505,344
Intergovernmental Receivable	151,097
Inventory Held for Resale	19,082
Materials and Supplies Inventory	3,370
Property Taxes Receivable	2,838,498
Nondepreciable Capital Assets	130,245
Depreciable Capital Assets, Net	<u>35,255,850</u>
<i>Total Assets</i>	<u>40,903,486</u>
Liabilities	
Accounts Payable	9,254
Accrued Wages and Benefits	1,441,308
Matured Compensated Absences Payable	83,507
Vacation Benefits Payable	94,657
Intergovernmental Payable	429,865
Deferred Revenue	2,274,875
Accrued Interest Payable	66,843
Claims Payable	5,443
Long-Term Liabilities:	
Due Within One Year	375,041
Due In More Than One Year	<u>4,862,652</u>
<i>Total Liabilities</i>	<u>9,643,445</u>
Net Assets	
Invested in Capital Assets, Net of Related Debt	31,002,561
Restricted for:	
Capital Projects	79,671
Debt Service	223,303
Other Purposes	456,782
Unrestricted (Deficit)	<u>(502,276)</u>
<i>Total Net Assets</i>	<u><u>\$31,260,041</u></u>

See accompanying notes to the basic financial statements

Campbell City School District

Balance Sheet

Governmental Funds

June 30, 2009

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	\$1,083,293	\$1,341,353	\$2,424,646
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	80,192	0	80,192
Property Taxes Receivable	2,555,128	283,370	2,838,498
Intergovernmental Receivable	6,552	144,545	151,097
Interfund Receivable	144,396	0	144,396
Inventory Held for Resale	0	19,082	19,082
Materials and Supplies Inventory	0	3,370	3,370
<i>Total Assets</i>	<u>\$3,869,561</u>	<u>\$1,791,720</u>	<u>\$5,661,281</u>
 Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$0	\$9,254	\$9,254
Accrued Wages and Benefits	1,099,083	342,225	1,441,308
Interfund Payable	0	144,396	144,396
Intergovernmental Payable	319,641	110,224	429,865
Matured Compensated Absences Payable	63,090	20,417	83,507
Deferred Revenue	2,555,128	327,100	2,882,228
<i>Total Liabilities</i>	<u>4,036,942</u>	<u>953,616</u>	<u>4,990,558</u>
 Fund Balances			
Reserved for Encumbrances	165,506	291,547	457,053
Reserved for Budget Stabilization	80,192	0	80,192
Unreserved:			
Undesignated, Reported in:			
General Fund (Deficit)	(413,079)	0	(413,079)
Special Revenue Funds	0	221,183	221,183
Debt Service Fund	0	245,703	245,703
Capital Projects Funds	0	79,671	79,671
<i>Total Fund Balances</i>	<u>(167,381)</u>	<u>838,104</u>	<u>670,723</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$3,869,561</u>	<u>\$1,791,720</u>	<u>\$5,661,281</u>

See accompanying notes to the basic financial statements

Campbell City School District
*Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities*
 June 30, 2009

Total Governmental Fund Balances	\$670,723
 <i>Amounts reported for governmental activities in the statement of net assets are different because</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	35,386,095
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	
Property Taxes	563,623
Intergovernmental	<u>43,730</u>
Total	607,353
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.	(4,937)
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	(66,843)
Vacation benefits payable is not expected to be paid with expendable available financial resources and therefore is not reported in the funds.	(94,657)
Long-term liabilities payable are not due and payable in the current period and therefore are not reported in the funds.	
Compensated Absences	(674,112)
General Obligation Bonds	(2,199,047)
Capital Leases Payable	<u>(2,364,534)</u>
Total	<u>(5,237,693)</u>
 <i>Net Assets of Governmental Activities</i>	 <u><u>\$31,260,041</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, 2009

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Property Taxes	\$2,043,216	\$224,545	\$2,267,761
Intergovernmental	9,299,477	3,050,366	12,349,843
Interest	22,386	1,025	23,411
Tuition and Fees	30,945	0	30,945
Extracurricular Activities	0	163,062	163,062
Contributions and Donations	0	15,746	15,746
Charges for Services	0	71,650	71,650
Miscellaneous	19,784	14,400	34,184
<i>Total Revenues</i>	<u>11,415,808</u>	<u>3,540,794</u>	<u>14,956,602</u>
Expenditures			
Current:			
Instruction:			
Regular	5,567,101	464,480	6,031,581
Special	1,299,542	829,170	2,128,712
Vocational	293,339	0	293,339
Student Intervention Services	207,525	1,046,035	1,253,560
Support Services:			
Pupil	326,913	58,840	385,753
Instructional Staff	254,403	7,828	262,231
Board of Education	17,399	0	17,399
Administration	832,240	43,904	876,144
Fiscal	287,668	5,260	292,928
Business	69,101	0	69,101
Operation and Maintenance of Plant	1,726,068	66,894	1,792,962
Pupil Transportation	326,840	94,657	421,497
Operation of Non-Instructional Services	0	75,150	75,150
Operation of Food Services	0	494,576	494,576
Extracurricular Activities	207,726	180,498	388,224
Capital Outlay	0	7,704	7,704
Debt Service:			
Principal Retirement	278,383	125,000	403,383
Interest and Fiscal Charges	69,293	110,766	180,059
<i>Total Expenditures</i>	<u>11,763,541</u>	<u>3,610,762</u>	<u>15,374,303</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(347,733)</u>	<u>(69,968)</u>	<u>(417,701)</u>
Other Financing Sources (Uses)			
Transfers In	0	263,230	263,230
Transfers Out	(263,230)	0	(263,230)
<i>Total Other Financing Sources (Uses)</i>	<u>(263,230)</u>	<u>263,230</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	(610,963)	193,262	(417,701)
<i>Fund Balances Beginning of Year - Restated (See Note 3)</i>	<u>443,582</u>	<u>644,842</u>	<u>1,088,424</u>
<i>Fund Balances (Deficit) End of Year</i>	<u><u>(\$167,381)</u></u>	<u><u>\$838,104</u></u>	<u><u>\$670,723</u></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, 2009*

Net Change in Fund Balances - Total Governmental Funds (\$417,701)

*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 Outlay	36,000	
Depreciation	(1,218,564)	
Total		(1,182,564)

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

Property Taxes	64,325	
Intergovernmental	10,785	
Total		75,110

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 403,383

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	(47,792)	
Bond Accretion	(32,070)	
Total		(79,862)

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	(87,353)	
Vacation Benefits Payable	(94,657)	
Total		(182,010)

The internal service fund used by management to charge the costs of insurance to individual funds are not reported in the District-wide statements of activities. Governmental fund expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities. (4,937)

Change in Net Assets of Governmental Activities (\$1,388,581)

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, 2009

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property Taxes	\$2,080,473	\$2,024,548	\$2,043,216	\$18,668
Intergovernmental	9,470,580	9,215,998	9,300,979	84,981
Interest	22,794	22,181	22,386	205
Tuition and Fees	31,509	30,662	30,945	283
Miscellaneous	17,890	17,409	17,567	158
<i>Total Revenues</i>	11,623,246	11,310,798	11,415,093	104,295
Expenditures				
Current:				
Instruction:				
Regular	5,773,626	5,695,481	5,663,638	31,843
Special	1,287,193	1,274,674	1,274,674	0
Vocational	279,412	276,345	276,345	0
Student Intervention Services	209,563	207,525	207,525	0
Support Services:				
Pupil	336,082	331,945	330,191	1,754
Instructional Staff	259,547	256,922	256,922	0
Board of Education	18,479	18,299	18,299	0
Administration	838,994	828,667	807,383	21,284
Fiscal	295,949	292,751	292,751	0
Business	69,780	69,101	69,101	0
Operation and Maintenance of Plant	1,809,974	1,787,695	1,767,278	20,417
Pupil Transportation	345,365	341,114	334,486	6,628
Extracurricular Activities	219,810	217,673	217,673	0
Debt Service:				
Principal Retirement	278,383	278,383	278,383	0
Interest and Fiscal Charges	69,293	69,293	69,293	0
<i>Total Expenditures</i>	12,091,450	11,945,868	11,863,942	81,926
<i>Excess of Revenues Under Expenditures</i>	(468,204)	(635,070)	(448,849)	186,221
Other Financing Sources (Uses)				
Advances In	106,562	106,562	9,240	(97,322)
Advances Out	(133,760)	(133,760)	(133,760)	0
Transfers Out	(14,818)	(14,818)	(14,818)	0
<i>Total Other Financing Sources (Uses)</i>	(42,016)	(42,016)	(139,338)	(97,322)
<i>Net Change in Fund Balance</i>	(510,220)	(677,086)	(588,187)	88,899
<i>Fund Balance Beginning of Year</i>	1,507,201	1,507,201	1,507,201	0
Prior Year Encumbrances Appropriated	78,965	78,965	78,965	0
<i>Fund Balance End of Year</i>	\$1,075,946	\$909,080	\$997,979	\$88,899

See accompanying notes to the basic financial statements

Campbell City School District

Statement of Fund Net Assets

Internal Service Fund

June 30, 2009

	<u>Insurance</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$506
Liabilities	
Claims Payable	<u>5,443</u>
Net Assets	
Unrestricted (Deficit)	<u><u>(\$4,937)</u></u>

See accompanying notes to the basic financial statements

Campbell City School District
*Statement of Revenues,
Expenses and Changes in Fund Net Assets
Internal Service Fund
For the Fiscal Year Ended June 30, 2009*

	Insurance
Operating Revenues	
Charges for Services	\$37,385
Operating Expenses	
Purchased Services	5,584
Claims	36,738
<i>Total Operating Expenses</i>	42,322
<i>Change in Net Assets</i>	(4,937)
<i>Net Assets Beginning of Year</i>	0
<i>Net Assets (Deficit) End of Year</i>	(\$4,937)

See accompanying notes to the basic financial statements

Campbell City School District
Statement of Cash Flows
Internal Service Fund
For the Fiscal Year Ended June 30, 2009

	Insurance
<i>Increase (Decrease) in Cash and Cash Equivalents</i>	
Cash Flows from Operating Activities	
Cash Received from Interfund Services Provided	\$37,385
Cash Payments for Purchased Services	(5,584)
Cash Payments for Claims	(31,295)
<i>Net Increase in Cash and Cash Equivalents</i>	506
<i>Cash and Cash Equivalents Beginning of Year</i>	0
<i>Cash and Cash Equivalents End of Year</i>	\$506
 Reconciliation of Operating Loss to Net Cash Provided by Operating Activities	
Operating Loss	(\$4,937)
Adjustments:	
Increase in Claims Payable	5,443
<i>Net Cash Provided by Operating Activities</i>	\$506
 See accompanying notes to the basic financial statements	

Campbell City School District
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2009

	Private Purpose Trust	
	Endowment	Agency
Assets		
Equity in Pooled Cash and Cash Equivalents	\$47,168	\$56,390
<i>Total Assets</i>	47,168	\$56,390
Liabilities		
Due to Students	0	\$56,390
<i>Total Liabilities</i>	0	\$56,390
Net Assets		
Held in Trust for Scholarships	\$47,168	

See accompanying notes to the basic financial statements

Campbell City School District
Statement of Changes in Fiduciary Net Assets
Fiduciary Fund
For the Fiscal Year Ended June 30, 2009

	Endowment
Additions	
Contributions and Donations	\$1,061
Deductions	
Scholarships Awarded	1,500
<i>Change in Net Assets</i>	(439)
<i>Net Assets Beginning of Year</i>	47,607
<i>Net Assets End of Year</i>	\$47,168

See accompanying notes to the basic financial statements

THIS PAGE INTENTIONALLY LEFT BLANK.

Campbell City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

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 112 certified employees and 81 classified employees who provide services to 1,299 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. The School District has no component units.

The School District is associated with two jointly governed organizations and one shared risk pool. These organizations are the Access Council of Governments (COG), Mahoning County Career and Technical Center, and the Mahoning County School Employees Insurance Consortium. These organizations are presented in Notes 18 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 School District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental activities and to its internal service fund unless those pronouncements conflict with or contradict GASB pronouncements. The more significant of the School District's accounting policies are described below.

Campbell City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

A. Basis of Presentation

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

Government-wide Financial Statements The statement of net assets 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. The activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses. 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 assets 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. The internal service fund is presented in a single column. Fiduciary funds are reported by type.

B. 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.

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 liabilities 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 for all financial resources except those required to be accounted for 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.

Campbell City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

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

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

Internal Service Fund The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis. The School District's only internal service fund is a self-insurance fund that accounts for dental and vision claims of the School District's employees.

Fiduciary Fund Type Fiduciary fund reporting focuses on net assets and changes in net assets. 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 a college scholarship program 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 funds account for student activities.

C. Measurement Focus

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

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 current liabilities 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.

Like the government-wide statements, the internal service fund is accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of this fund are included on the statement of net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its internal service fund.

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

D. 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 proprietary and fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified

Campbell City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

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 revenue and in the presentation of expenses versus expenditures.

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

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

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

Deferred Revenue Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2009, but which were levied to finance fiscal year 2010 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

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.

E. 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

Campbell City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

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.

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.

F. 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 2009, the School District had no investments.

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 2009 amounted to \$22,386, of which \$11,512 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.

G. 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.

H. Restricted Assets

Assets are reported as restricted when limitations on their use change in nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted assets in the general fund include unspent resources restricted for the amount set aside to create a reserve for budget stabilization. See Note 20 for additional information regarding set-asides.

Campbell City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

I. 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 assets but are not reported in the fund financial statements.

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The School District was able to estimate the historical cost for the initial reporting of assets by backtrending (i.e. estimating the current replacement cost of the asset to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated capital assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of one 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	20 years
Buildings and Improvements	50 years
Furniture and Equipment	5 - 20 years
Vehicles	10 years

J. 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 assets.

K. 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.

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.

Campbell City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

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

L. Accrued Liabilities and Long-term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences and contractually required pension contributions 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.

M. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt 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 assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments adopted by the School District. Net assets 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 assets are available.

N. Fund Balance Reserves

The School District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances and budget stabilization.

The reserve for budget stabilization represents monies required to be set aside by State statute to protect against cyclical changes in revenues and expenditures.

O. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, these revenues are charges for services for self-insurance programs. Operating expenses are necessary costs that are incurred to provide the good or service that is the primary activity of the fund. Any revenues or expenses not meeting the definitions of operating is reported as non-operating.

Campbell City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

P. 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.

Q. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence.

R. 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 – Change in Accounting Principles and Restatement of Prior Year Fund Balance and Net Assets

A. Change in Accounting Principles

For fiscal year 2009, the School District has implemented Governmental Accounting Standard Board (GASB) Statement No. 49, “Accounting and Financial Reporting for Pollution Remediation Obligations”, Statement No. 52, “Land and Other Real Estate Held as Investments by Endowments”, Statement No. 55, “The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments,” and Statement No. 56, “Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards.”

GASB Statement No. 49 addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effect of existing pollution by participating in pollution remediation activities such as site assessments and cleanup. The implementation of this statement did not result in any change to the School District’s financial statements.

GASB Statement No. 52 establishes consistent standards for the reporting of land and other real estate held as investments by essentially similar entities. It requires endowments to report their land and other real estate investments at fair value. Governments are also required to report the changes in fair value as investment income and to disclose the methods and significant assumptions employed to determine fair value. The implementation of this statement did not result in any change in the School District’s financial statements.

Campbell City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

GASB Statement No. 55 incorporates the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the GASB authoritative literature. The GAAP hierarchy consists of the sources of accounting principles used in the preparation of financial statements of state and local governmental entities that are presented in conformity with GAAP, and the framework for selecting those principles. The implementation of this statement did not result in any change in the School District's financial statements.

GASB Statement No. 56 incorporates accounting and financial reporting guidance previously only contained in the American Institute of Certified Public Accountants' and auditing literature into the GASB's accounting and financial reporting literature for state and local governments. The statement's guidance addresses related party transactions, going concern considerations, and subsequent events from the AICPA literature. The implementation of this statement did not result in any change in the School District's financial statements.

B. Restatement of Prior Year Fund Balance

In prior fiscal years, the School District reported the emergency levy fund as a special revenue fund. In fiscal year 2009, the emergency levy fund was combined with the general fund for reporting purposes.

In prior years, the special trust fund was reported as a private purpose trust fund. In fiscal year 2009, the special trust fund was determined to be a special revenue fund and therefore was moved to governmental activities.

	General	Emergency Levy	Other Governmental Funds	Total Governmental Funds
Fund Balance, June 30, 2008	\$457,702	(\$14,120)	\$635,204	\$1,078,786
Fund Reclassification	(14,120)	14,120	9,638	9,638
Adjusted Fund Balance, June 30, 2008	\$443,582	\$0	\$644,842	\$1,088,424

Note 4 – Fund Deficits

Fund balances at June 30, 2009, included the following individual fund deficits:

General Fund	\$167,381
 <i>Special Revenue Funds:</i>	
Public Preschool	3,610
Summer School	1,510
Title I	2,786
Reducing Class Size	18,798
Miscellaneous Federal Grants	3,078

Campbell City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

The general fund and 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.

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 a reservation of fund balance (GAAP).
4. Advances In and Advances Out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).

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	(\$610,963)
Revenue Accruals	(715)
Advance In	9,240
Expenditure Accruals	313,517
Advance Out	(133,760)
Encumbrances	(165,506)
Budget Basis	<u><u>(\$588,187)</u></u>

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

Campbell City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

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 obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in securities listed above;
4. Bonds and other obligations 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 division (1) or (2);
7. The State Treasurer's investment pool (STAROhio); and
8. Commercial paper and bankers acceptances 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. Investments may only be made through specified dealers and institutions.

Deposits

Custodial credit risk for deposits is the risk that in the event of 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 fiscal year end, \$2,302,324 of the School District's bank balance of \$2,802,324 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although the securities were held by the pledging financial

Campbell City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

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

Note 7 - Property Taxes

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the School District. Real property tax revenue received in calendar 2009 represents collections of calendar year 2008 taxes. Real property taxes received in calendar year 2009 were levied after April 1, 2008, on the assessed value listed as of January 1, 2008, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2009 represents collections of calendar year 2008 taxes. Public utility real and tangible personal property taxes received in calendar year 2009 became a lien December 31, 2007, were levied after April 1, 2008 and are collected in 2009 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenues received in calendar year 2009 (other than public utility property tax) represents the collection of 2009 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, furniture and fixtures is no longer levied and collected. The October 2008 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. Tangible personal property taxes received from telephone companies in calendar year 2009 were levied after October 1, 2008, on the value as of December 31, 2008. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

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, 2009, are available to finance fiscal year 2009 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Campbell City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2009 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, the portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

Due to the timing of tax bills sent by the County, there was no money available as an advance to the School District at June 30, 2009 or June 30, 2008.

On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been deferred.

The assessed values upon which the fiscal year 2009 taxes were collected are:

	2008 Second Half Collections		2009 First Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$76,744,710	99.81%	\$76,425,450	96.55%
Public Utility Personal	103,352	0.13	2,502,090	3.16
General Business Personal	43,848	0.06	232,200	0.29
Total	\$76,891,910	100.00%	\$79,159,740	100.00%
Full Tax Rate per \$1,000 of assessed valuation	\$42.30		\$40.45	

Note 8 - Receivables

Receivables at June 30, 2009, consisted of taxes, interfund and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. All receivables except property taxes are expected to be received within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

A summary of the principal items of intergovernmental receivables follows:

Governmental Activities	Amounts
Title I Grants	\$96,594
Title VI-B Grants	25,244
Food Service Subsidies	16,551
Ohio Medicaid School Pogram	4,335
Drug Free Schools Grants	4,219
Mahoning County Educational Service Center	2,217
Miscellaneous Federal Grants	1,937
Total	\$151,097

Campbell City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

Note 9 - Contingencies

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and 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, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2009.

B. Litigation

As of June 30, 2009, the School District was not party to any legal proceedings.

Note 10 – Capital Assets

Capital asset activity for the fiscal year ended June 30, 2009, was as follows:

Governmental Activities	Balance 6/30/2008	Additions	Deductions	Balance 6/30/2009
<i>Capital Assets not being Depreciated:</i>				
Land	\$130,245	\$0	\$0	\$130,245
<i>Capital Assets being Depreciated:</i>				
Land Improvements	\$1,620,535	\$0	\$0	\$1,620,535
Buildings and Improvements	38,124,863	0	0	38,124,863
Furniture, Fixtures and Equipment	3,545,227	0	0	3,545,227
Vehicles	821,988	36,000	(88,305)	769,683
<i>Total Capital Assets being Depreciated</i>	44,112,613	36,000	(88,305)	44,060,308
Less Accumulated Depreciation:				
Land Improvements	(334,386)	(81,027)	0	(415,413)
Buildings and Improvements	(4,449,499)	(774,320)	0	(5,223,819)
Furniture, Fixtures and Equipment	(2,322,243)	(312,124)	0	(2,634,367)
Vehicles	(568,071)	(51,093)	88,305	(530,859)
<i>Total Accumulated Depreciation</i>	(7,674,199)	(1,218,564)	88,305	(8,804,458)
<i>Total Assets being Depreciated, Net</i>	36,438,414	(1,182,564)	0	35,255,850
<i>Governmental Activities Capital Assets, Net</i>	\$36,568,659	(\$1,182,564)	\$0	\$35,386,095

Campbell City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

Depreciation expense was charged to governmental activities as follows:

Instruction:	
Regular	\$602,899
Special	77,432
Support Services:	
Instructional Staff	33,218
Board of Education	4,414
Administration	33,218
Fiscal	6,659
Operation and Maintenance of Plant	94,581
Pupil Transportation	51,594
Food Service Operation	79,061
Extracurricular Activities	235,488
Total Depreciation Expense	<u>\$1,218,564</u>

Note 11 - Risk Management

A. 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 2009, the School District contracted with Netherlands Insurance Company for property and liability insurance. The comprehensive commercial insurance coverage limits are \$36,103,850 with a \$5,000 deductible. The business auto coverage limits are \$1,000,000 for liability and \$1,000,000 for uninsured motorists. The School District has liability insurance coverage limits of \$1,000,000 per claim and \$3,000,000 general aggregate.

B. Employee Health Benefits

For fiscal 2009, the School District was a participant in the Mahoning County School Employees Insurance Consortium (the "Consortium") to provide employee health 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.

The School District offers employees a choice of two health plans: Core Plan and Low Deductible Plan. Effective July 1, 2008, the School District provides full-time employees with 99 percent Board paid hospitalization and prescription drugs under the Core Plan. Full-time employees opting for the Low Deductible Plan will receive 96 percent Board paid hospitalization and prescription drugs.

Campbell City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

Post employment health care is provided to plan participants or their beneficiaries through the respective retirement systems discussed in Note 13. As such, no funding provisions are required by the School District.

C. Self Insurance

Beginning in fiscal year 2009, the School District provides dental and vision benefits for its employees and their covered dependents through its self-insurance fund. Medical Mutual administers the plan and reviews all claims paid by the School District.

The claims liability of \$5,443 reported in the internal service fund at June 30, 2009 is based on an estimate provided by the third party administrators and the requirements of GASB Statement No. 30 “Risk Financing Omnibus”, which requires that a liability for unpaid claims cost, including estimates of cost relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claims adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in the fund’s claims activity for the past year are as follows:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2009	\$0	\$36,738	\$31,295	\$5,443

D. 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.

The School District is not eligible for group rating due to the fact that the total claims cost, including compensation, medical costs and reserves, exceeded the established amount of the District’s expected losses set by the Ohio Bureau of Workers’ Compensation. However, the School District does see the need to become proactive in the management of claims in order to decrease the financial impact of claims on premiums. The School District strives to implement workplace safety solutions and cost-saving strategies in order to participate in the Ohio School Boards Association Workers’ Compensation Group Rating Program in the future.

Note 12 - Pension Plans

A. School Employees Retirement System

Plan Description - The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple-employer pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is

Campbell City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2009, 9.84 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2009, 2008 and 2007 were \$177,026, \$182,489, and \$208,355 respectively; 54.89 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

B. State Teachers Retirement System of Ohio

Plan Description - The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio 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. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. 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 DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor 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 - For the fiscal year ended June 30, 2009, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2008, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

Campbell City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2009, 2008, and 2007 were \$831,441, \$808,169, and \$761,895 respectively; 83.83 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007. Contributions to the DC and Combined Plans for fiscal year 2009 were \$916 made by the School District and \$10,137 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Employees Retirement System. As of June 30, 2009, one member of the Board of Education has elected Social Security. The Board's liability is 6.2 percent of wages.

Note 13 - Postemployment Benefits

A. School Employee Retirement System

Plan Description – The School District participates in two cost-sharing multiple employer defined benefit OPEB plans administered by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746.

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2009, 4.16 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2009, this amount was \$39,697.

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

The School District's contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007 were \$81,284, \$112,043, and \$96,143 respectively; 54.89 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2009, this actuarially required allocation was 0.78 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2009, 2008, and 2007 were \$15,241, \$13,149, and \$14,168 respectively; 54.89 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

Campbell City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

B. State Teachers Retirement System

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

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2009, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District's contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007 were \$63,957, \$62,167, and \$58,607 respectively; 83.83 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

Note 14 - Other Employee Benefits

A. Compensated Absences

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

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

B. Life Insurance Benefits

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

Campbell City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

Note 15 - Long-Term Obligations

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

Debt Issue	Interest Rate	Original Issue	Year of Maturity
2000 OSFC Various Improvement Bonds:			
Current Interest Serial Bonds	4.80% to 5.35%	\$1,415,000	2001 to 2012
Capital Appreciation Bonds	10.76%	113,999	2013 to 2015
Current Issue Term Bonds	5.75%	1,490,000	2016 to 2023

Changes in long-term obligations of the School District during fiscal year 2009 were as follows:

	Principal Outstanding 6/30/08	Additions	Deductions	Principal Outstanding 6/30/09	Amounts Due in One Year
<i>2000 OSFC Various Purpose Imp Bonds</i>					
Current Interest Serial Bonds	\$540,000	\$0	\$125,000	\$415,000	\$130,000
Capital Appreciation Bonds	114,000	0	0	114,000	0
Accretion on Capital Appreciation Bonds	147,977	32,070	0	180,047	0
Current Interest Term Bonds	1,490,000	0	0	1,490,000	0
<i>Total Various Purpose Imp Bonds</i>	2,291,977	32,070	125,000	2,199,047	130,000
Capital Lease Payable	2,642,917	0	278,383	2,364,534	161,534
Compensated Absences	586,759	172,760	85,407	674,112	83,507
<i>Total General Long - Term Obligations</i>	<u>\$5,521,653</u>	<u>\$204,830</u>	<u>\$488,790</u>	<u>\$5,237,693</u>	<u>\$375,041</u>

Compensated absences will be paid from the general fund and the food service, auxiliary services, public preschool, Ohio reads grant, poverty based assistance, title VI-B, and title I special revenue funds.

On June 15, 2000, the School District issued \$3,018,999 in voted general obligation bonds which included serial, term and capital appreciation (deep discount) bonds in the amount of \$1,415,000, \$1,490,000 and \$113,999, respectively. The general obligation bonds were issued for the purpose of providing funding for the construction of a new K-8 elementary and middle school building and renovations and additions to the high school. The bonds were issued for a twenty-two year period with final maturity at December 1, 2022. The bonds will be retired from the debt service fund.

The term, serial and capital appreciation bonds remained outstanding at June 30, 2009. The capital appreciation bonds were originally sold at a discount of \$351,000, which is being accreted annually until the point of maturity of the capital appreciation bonds, which is 2013 through 2015.

The maturity amount of outstanding capital appreciation bonds at June 30, 2009 is \$465,000. The accretion recorded for 2009 was \$32,070, for a total outstanding bond liability of \$294,047 at June 30, 2009.

The term bonds maturing on December 1, 2022 are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective principal amounts as follows:

Campbell City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

Year	Issue
	\$1,490,000
2016	\$155,000
2017	160,000
2018	170,000
2019	180,000
2020	190,000
2021	200,000
2022	210,000
Total	\$1,265,000

The remaining principal amount of the term bonds (\$225,000) will mature at the stated maturity.

The School District's overall debt margin was \$5,314,973 with an unvoted debt margin of \$78,759 at June 30, 2009. Principal and interest requirements to retire general obligation bonds are as follows:

	General Obligation Bonds					
	Term		Serial		Capital Appreciation	
	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$0	\$85,675	\$130,000	\$21,873	\$0	\$0
2011	0	85,675	140,000	15,177	0	0
2012	0	85,675	145,000	7,758	0	0
2013	0	85,675	0	0	42,036	112,964
2014	0	85,675	0	0	37,861	117,139
2015-2019	665,000	373,463	0	0	34,103	120,897
2020-2023	825,000	121,900	0	0	0	0
Total	\$1,490,000	\$923,738	\$415,000	\$44,808	\$114,000	\$351,000

Note 16 – Capital Leases

In prior years, the School District entered into capital leases for the construction of a stadium facility and for the purchase of computers. The lease obligations meet the criteria of a capital lease as defined by Financial Accounting Standards Board Statement Number 13, "Accounting for Leases," 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, 2009 follows:

	Amounts
Asset:	
Land Improvements	\$1,543,580
Buildings and Improvements	1,291,420
Furniture, Fixtures and Equipment	479,794
Less: Accumulated Depreciation	(802,913)
Current Book Value	\$2,511,881

Campbell City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

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 Leases
2010	\$278,253
2011	234,904
2012	234,316
2013	233,443
2014	233,235
2015-2019	1,160,989
2020-2023	918,436
Total Minimum Lease Payments	3,293,576
Less: Amount Representing Interest	(929,042)
Present Value of Minimum Lease Payments	\$2,364,534

Note 17 - Interfund Transactions

A. Interfund Transfers

Transfers To	Transfers From General		
	Cash Transfers	Converted Advances	Total Transfers
Title I	\$0	\$2,826	\$2,826
Title V	0	654	654
Miscellaneous Federal Grants	14,818	47,382	62,200
Classroom Facilities	0	197,550	197,550
Total	\$14,818	\$248,412	\$263,230

The general fund transferred \$14,818 to the miscellaneous federal grants special revenue fund to help provide funding for various programs.

In fiscal year 2009, the School District passed a resolution approving the conversion of \$248,412 of prior years' unpaid advances into transfers.

Campbell City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

B. Interfund Balances

	Interfund Receivable
Interfund Payable	General
Bond Retirement	\$10,636
Title VI-B	25,244
Title I	96,594
Drug Free Schools	4,220
Miscellaneous Federal Grants	7,702
<i>Total All Funds</i>	\$144,396

Interfund receivables and payables are due to the timing of the receipt of grant monies received by the various funds. The general fund provides temporary funding of the program until the grant dollars are received.

Note 18 - Jointly Governed Organizations

A. Access Council of Governments

The Access Council of Governments (COG) 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 COG based upon a per pupil charge before any e-rate credits, which was \$40.25 for fiscal year 2009. The School District paid \$52,285 to COG during fiscal year 2009. COG 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 COG including budgeting, appropriating, contracting and designating management. All of COG revenues are generated from charges for services and State funding. Financial information can be obtained by contacting the Treasurer at the Mahoning County Educational Service Center, who serves as fiscal agent, at 100 Debartolo Place, Youngstown, Ohio 44512.

B. 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. 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, 2009

Note 19 – Shared Risk Pool

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

Note 20 - Set-Aside Calculations

The School District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at year end and carried forward to be used for the same purposes in future years. In prior years, the School District was also required to set aside money for budget stabilization. At June 30, 2009, only the unspent portion of certain workers' compensation refunds continues to be set aside.

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

	Textbooks Instructional Materials	Capital Improvements	Budget Stabilization
Set-Aside Reserve Balance as of June 30, 2008	(\$123,778)	(\$2,430,428)	\$80,192
Current Year Set-aside Requirement	220,291	220,291	0
Qualifying Disbursements	(119,155)	(77,868)	0
Total	(\$22,642)	(\$2,288,005)	\$80,192
Set-aside Balance Carried Forward to Future Fiscal Years	(\$22,642)	(\$2,210,137)	\$80,192
Set-aside Reserve Balance as of June 30, 2009	\$0	\$0	\$80,192

The School District had qualifying disbursements during the fiscal year that reduced the textbook and capital acquisition set-asides below zero. This extra amount in the textbook set-aside may be used to reduce the set-aside requirement of future fiscal years. 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. The total reserve balance for the set-asides at the end of the fiscal year was \$80,192.

CAMPBELL CITY SCHOOL DISTRICT
MAHONING COUNTY

FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2009

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
U.S. DEPARTMENT OF AGRICULTURE						
<i>Passed Through Ohio Department of Education:</i>						
Child Nutrition Cluster:						
School Breakfast Program		10.553	\$80,337		\$80,337	
National School Lunch Program		10.555	308,237	51,868	308,237	51,868
Total Child Nutrition Cluster			388,574	51,868	388,574	51,868
Total U.S. Department of Agriculture			388,574	51,868	388,574	51,868
U.S. DEPARTMENT OF JUSTICE						
<i>Passed Through Ohio Department of Justice:</i>						
Edward Byne Memorial Justice Grant	JG-B01-07	16.738	9,240			
	JG-B01-08	16.738	24,235		44,818	
Total U.S. Department of Justice			33,475		44,818	
U.S. DEPARTMENT OF EDUCATION						
<i>Passed Through Ohio Department of Education:</i>						
Special Education Cluster:						
Special Education Grants to States	6B-SF-08	84.027	0		71836	
	6B-SF-09	84.027	269,589		237,198	
Total Special Education Grants to States - Special Education Cluster			269,589		309,034	
Title I Grants to Local Educational Agencies	C1-S1-08	84.010			91,164	
	C1-S1-09	84.010	530,931		487,408	
Total Title I Grants to Local Educational Agencies			530,931		578,572	
Safe and Drug-Free Schools and Communities	DR-S1-08	84.186	401		2,187	
	DR-S1-09	84.186	14,128		7,327	
Total Safe and Drug-Free Schools and Communities			14,529		9,514	
State Grants for Innovative Programs	C2-S1-08	84.298	1,086		1,543	
	C2-S1-09	84.298	2,700		854	
Total State Grants for Innovative Programs			3,786		2,397	
Education Technology State Grants	TJ-S1-08	84.318	344		3,687	
	TJ-S1-09	84.318	3,915		3,165	
Total Education Technology State Grants			4,259		6,852	
Improving Teacher Quality State Grants	TR-S1-08	84.367	1,341		13,022	
	TR-S1-09	84.367	118,862		108,724	
Total Improving Teacher Quality State Grants			120,203		121,746	
School Improvement Title I		84.377	60,000		47,858	
Total U.S. Department of Education			1,003,297		1,075,973	
Totals:			\$1,425,346	\$51,868	\$1,509,365	\$51,868

The accompanying notes are an integral part of this schedule.

**CAMPBELL CITY SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2009**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - CHILD NUTRITION CLUSTER

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

NOTE C – FOOD DONATION PROGRAM

Program regulations do not require the District to maintain separate inventory records for purchased food versus food commodities it receives from the U.S. Department of Agriculture. The District reports commodities consumed on the Schedule at the fair value.



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' 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 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, 2009, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 1, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the District's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We noted a certain matter that we reported to the District's management in a separate letter dated December 1, 2009.

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, providing an opinion 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*.

We did note certain noncompliance or other matters that we reported to the District's management in a separate letter dated December 1, 2009.

We intend this report solely for the information and use of the audit committee, management, the Board of Education, and federal awarding agencies and pass-through entities. We intend it for no one other than these specified parties.

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

Mary Taylor, CPA
Auditor of State

December 1, 2009



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

To the Board of Education:

Compliance

We have audited the compliance of Campbell City School District (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to its major federal program for the year ended June 30, 2009. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal program. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the Campbell City School District complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended June 30, 2009.

Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

Voinovich Government Center / 242 Federal Plaza W. / Suite 302 / Youngstown, OH 44503-1293

Telephone: (330) 797-9900 (800) 443-9271 Fax: (330) 797-9949

www.auditor.state.oh.us

A *control deficiency* in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a remote likelihood that the District's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the District's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

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 that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

We intend this report solely for the information and use of the audit committee, management, the Board of Education, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.

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

Mary Taylor, CPA
Auditor of State

December 1, 2009



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

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

To the Board of Education:

Ohio Rev. Code Section 117.53 states "the auditor of state shall identify whether the school district or community school has adopted an anti-harassment policy in accordance with Section 3313.666 of the Revised Code. This determination shall be recorded in the audit report. The auditor of state shall not prescribe the content or operation of any anti-harassment policy adopted by a school district or community school."

Accordingly, we have performed the procedures enumerated below, which were agreed to by the Board, solely to assist the Board in evaluating whether Campbell City School District (the District) has adopted an anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Board. Consequently; we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

1. We noted the Board adopted an anti-harassment policy at its meeting on December 19, 2007.
2. We read the policy, noting it included the following requirements from Ohio Rev. Code Section 3313.666(B):
 - (1) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;
 - (2) A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Rev. Code Section 3313.666;
 - (3) A procedure for reporting prohibited incidents;
 - (4) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;
 - (5) A requirement that parents or guardians of any student involved in a prohibited incident be notified and, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident;

- (6) A procedure for documenting any prohibited incident that is reported;
- (7) A procedure for responding to and investigating any reported incident;
- (8) A strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report;
- (9) A disciplinary procedure for any student guilty of harassment, intimidation, or bullying, which shall not infringe on any student's rights under the first amendment to the Constitution of the United States;
- (10) A requirement that the district administration semiannually provide the president of the district board a written summary of all reported incidents and post the summary on its web site, if the district has a web site, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the anti-harassment policy. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board and is not intended to be and should not be used by anyone other than these specified parties.



Mary Taylor, CPA
Auditor of State

December 1, 2009

**CAMPBELL CITY SCHOOL DISTRICT
MAHONING COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2009**

1. SUMMARY OF AUDITOR'S RESULTS

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

CAMPBELL CITY SCHOOL DISTRICT
MAHONING COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
JUNE 30, 2009

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2008-001	Finding for Recovery Repaid under Audit	Yes	



Mary Taylor, CPA
Auditor of State

CAMPBELL CITY SCHOOL DISTRICT
MAHONING COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
DECEMBER 22, 2009