



Dave Yost • 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	11
Statement of Activities	12
Balance Sheet - Governmental Funds.....	13
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities	14
Statement of Revenues, Expenditures and Changes In Fund Balances - Governmental Funds	15
Reconciliation of the Statement of Revenues, Expenditures and Changes In Fund Balances of Governmental Funds to the Statement of Activities	16
Statement of Revenues, Expenditures and Changes In Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) General Fund	17
Statement of Fund Net Assets-Internal Service Fund	18
Statement of Revenues, Expenses and Changes In Fund Net Assets—Internal Service Fund.....	19
Statement of Cash Flows – Internal Service Fund	20
Statement of Fiduciary Net Assets – Fiduciary Funds	21
Statement of Changes in Fiduciary Net Assets – Fiduciary Funds	22
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
Schedule of Findings.....	53

THIS PAGE INTENTIONALLY LEFT BLANK.



Dave Yost • 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, 2010, 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, 2010, 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 February 4, 2011, 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.

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

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements taken as a whole. 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. The federal awards expenditure schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Dave Yost
Auditor of State

February 4, 2011

Campbell City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
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, 2010. 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

- In total, net assets decreased due to an additional year of depreciation. The decrease in net assets was partially offset by a reduction in total liabilities from the continued pay-down of debt.
- The School District relies heavily on general revenues to support its operations. General revenues increased in fiscal year 2010 due to an increase in foundation monies and grants and entitlements.
- The general fund had a decrease in fund balance due mainly to a 2.25 percent salary increase and a fifteen percent increase in medical insurance premiums.
- Outstanding long-term obligations decreased during fiscal year 2010 due to annual general obligation debt and capital lease payments.

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).

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.

Campbell City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
Unaudited

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

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.

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

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

Government-wide Financial Analysis

As noted earlier, net 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 2010 compared to 2009.

Campbell City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
Unaudited

Table 1
 Net Assets
 Governmental Activities

	2010	2009	Change
Assets			
Current and Other Assets	\$5,778,430	\$5,517,391	\$261,039
Capital Assets, Net	34,610,530	35,386,095	(775,565)
Total Assets	40,388,960	40,903,486	(514,526)
Liabilities			
Current Liabilities	4,428,514	4,405,752	22,762
Long-Term Liabilities			
Due Within One Year	355,381	375,041	(19,660)
Due in More Than One Year	4,705,521	4,862,652	(157,131)
Total Liabilities	9,489,416	9,643,445	(154,029)
Net Assets			
Invested in Capital Assets, Net of Related Debt	30,518,528	31,002,561	(484,033)
Restricted for:			
Capital Projects	83,747	79,671	4,076
Debt Service	374,975	223,303	151,672
Set Asides	103,351	80,192	23,159
Other Purposes	526,823	456,782	70,041
Unrestricted (Deficit)	(707,880)	(582,468)	(125,412)
Total Net Assets	\$30,899,544	\$31,260,041	(\$360,497)

Current assets increased due to an increase in intergovernmental receivables from the School District actively seeking out additional funding sources. This increase was offset by a decrease in capital assets resulting from the removal of equipment no longer in use and current year depreciation outpacing additions to capital assets.

Total liabilities decreased during fiscal year 2010 which can be attributed to annual payments on the School District's general obligation bonds and capital leases.

Campbell City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
Unaudited

Table 2 shows the changes in net assets for fiscal year 2010 compared to 2009.

Table 2
 Governmental Activities

	2010	2009	Change
Program Revenues			
Charges for Services and Sales	\$293,500	\$265,657	\$27,843
Operating Grants, Contributions and Interest	2,948,470	3,042,673	(94,203)
Capital Grants	548,582	18,488	530,094
<i>Total Program Revenues</i>	<u>3,790,552</u>	<u>3,326,818</u>	<u>463,734</u>
General Revenues			
Property Taxes	2,244,176	2,332,086	(87,910)
Grants and Entitlements	10,553,870	9,316,238	1,237,632
Investment Earnings	3,697	22,386	(18,689)
Miscellaneous	29,524	34,184	(4,660)
<i>Total General Revenues</i>	<u>12,831,267</u>	<u>11,704,894</u>	<u>1,126,373</u>
<i>Total Revenues</i>	<u>16,621,819</u>	<u>15,031,712</u>	<u>1,590,107</u>
Program Expenses			
Instruction:			
Regular	7,915,820	6,639,127	1,276,693
Special	2,267,521	2,240,217	27,304
Vocational	210,685	274,494	(63,809)
Student Intervention Services	561,858	1,297,592	(735,734)
Support Services			
Pupil	403,572	377,808	25,764
Instructional Staff	541,546	302,318	239,228
Board of Education	20,004	21,813	(1,809)
Administration	956,858	972,703	(15,845)
Fiscal	317,700	319,547	(1,847)
Business	61,845	69,101	(7,256)
Operation and Maintenance of Plant	1,654,245	1,940,358	(286,113)
Pupil Transportation	485,656	436,894	48,762
Operation of Non-Instructional Services	74,915	75,177	(262)
Operation of Food Services	617,512	569,511	48,001
Extracurricular Activities	674,882	623,712	51,170
Interest and Fiscal Charges	217,697	259,921	(42,224)
<i>Total Program Expenses</i>	<u>16,982,316</u>	<u>16,420,293</u>	<u>562,023</u>
<i>Decrease in Net Assets</i>	(360,497)	(1,388,581)	1,028,084
Net Assets Beginning of Year	<u>31,260,041</u>	<u>32,648,622</u>	<u>(1,388,581)</u>
Net Assets End of Year	<u>\$30,899,544</u>	<u>\$31,260,041</u>	<u>(\$360,497)</u>

Campbell City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
Unaudited

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

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

Thus school districts dependent upon property taxes are hampered by a lack of revenue growth and must regularly return to the voters to maintain a constant level of service. Property taxes made up 13.5 percent of revenues for governmental activities for Campbell City School District in fiscal year 2010 versus 15.5 percent in fiscal year 2009.

Instruction expenses comprise the largest portion of all program expenses for the School District. These expenses pay for teachers' salaries and benefits which increase at set levels every year through negotiated agreements.

Interest and fiscal charges decreased from the prior fiscal year which is the result of the School District's continued payments on outstanding debt obligations approved by the residents of the School District to fund capital projects.

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 2010 compared to 2009. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Campbell City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
Unaudited

Table 3
 Total and Net Cost of Program Services
 Governmental Activities

	2010		2009	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
Instruction:				
Regular	\$7,915,820	\$6,592,586	\$6,639,127	\$6,174,881
Special	2,267,521	1,316,350	2,240,217	1,375,138
Vocational	210,685	210,685	274,494	274,494
Student Intervention Services	561,858	177,132	1,297,592	357,375
Support Services:				
Pupil	403,572	332,134	377,808	329,490
Instructional Staff	541,546	519,876	302,318	294,782
Board of Education	20,004	20,004	21,813	21,813
Administration	956,858	903,611	972,703	929,689
Fiscal	317,700	317,700	319,547	319,547
Business	61,845	61,845	69,101	69,101
Operation and Maintenance of Plant	1,654,245	1,576,306	1,940,358	1,857,084
Pupil Transportation	485,656	417,040	436,894	341,853
Operation of Non-Instructional Services	74,915	(11,465)	75,177	(6,039)
Operation of Food Services	617,512	55,360	569,511	46,942
Extracurricular Activities	674,882	484,903	623,712	447,404
Interest and Fiscal Charges	217,697	217,697	259,921	259,921
Total	<u>\$16,982,316</u>	<u>\$13,191,764</u>	<u>\$16,420,293</u>	<u>\$13,093,475</u>

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

Financial Analysis of the Government's Funds

Governmental Funds Information about the School District's major funds begins on page 14. These funds are accounted for using the modified accrual basis of accounting. The general fund had a decrease in fund balance due mainly to a one percent salary increase and a fifteen percent increase in medical insurance premiums. The bond retirement fund had an increase in fund balance due to an increase in intergovernmental revenues.

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 2010, 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.

Campbell City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
Unaudited

For the general fund, the final budget basis revenue estimate was higher than the original budget estimate. The change was attributed to increases in estimates for all revenues.

The final budget appropriations were lower than the original budget appropriations of the general fund. The change was attributed to decreases in estimate for instructional activities and support services resulting from careful spending controls in the tough economic climate.

Capital Assets and Long-term Obligations

Capital Assets

Table 4 shows fiscal 2010 balances compared to fiscal 2009.

Table 4
 Capital Assets at June 30
 Governmental Activities

	2010	2009
Land	\$130,245	\$130,245
Land Improvements	1,124,095	1,205,122
Buildings and Improvements	32,126,724	32,901,044
Furniture, Fixtures and Equipment	1,004,622	910,860
Vehicles	224,844	238,824
Total Capital Assets	\$34,610,530	\$35,386,095

The decrease in capital assets was due to the removal of equipment no longer in use as well as the current year depreciation outpacing additional purchases. For more information about the School District's capital assets, see Note 10 to the basic financial statements.

Long-term Obligations

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

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

	2010	2009
General Obligation Bonds	\$2,155,716	\$2,199,047
Capital Leases Payable	2,203,000	2,364,534
Compensated Absences	702,186	674,112
Total	\$5,060,902	\$5,237,693

The School District's overall legal debt margin was \$5,528,531 with an unvoted debt margin of \$78,691. For more information about the School District's long-term obligations, see Note 15 to the basic financial statements.

Campbell City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
Unaudited

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 2010, 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.

On May 4, 2010, the citizens of Campbell overwhelmingly renewed the School District's Emergency Levy in the amount of \$989,711 per year for a five year period. The Mahoning County Auditor's office certified the estimated property tax millage rate to be 12.0 mills (down from 14.1 mills in 2005).

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, 2010

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$2,439,153
Intergovernmental Receivable	388,584
Inventory Held for Resale	16,901
Materials and Supplies Inventory	3,138
Property Taxes Receivable	2,882,698
Deferred Charges	47,956
Nondepreciable Capital Assets	130,245
Depreciable Capital Assets, Net	<u>34,480,285</u>
<i>Total Assets</i>	<u>40,388,960</u>
Liabilities	
Accounts Payable	31,464
Accrued Wages and Benefits	1,496,392
Matured Compensated Absences Payable	45,381
Vacation Benefits Payable	81,049
Intergovernmental Payable	437,398
Deferred Revenue	2,331,931
Accrued Interest Payable	3,652
Claims Payable	1,247
Long-Term Liabilities:	
Due Within One Year	355,381
Due In More Than One Year	<u>4,705,521</u>
<i>Total Liabilities</i>	<u>9,489,416</u>
Net Assets	
Invested in Capital Assets, Net of Related Debt	30,518,528
Restricted for:	
Capital Projects	83,747
Debt Service	374,975
Set Asides	103,351
Other Purposes	526,823
Unrestricted (Deficit)	<u>(707,880)</u>
<i>Total Net Assets</i>	<u>\$30,899,544</u>

See accompanying notes to the basic financial statements

Campbell City School District
Statement of Activities
For the Fiscal Year Ended June 30, 2010

	Program Revenues			Capital Grants	Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest		
Governmental Activities					
Instruction:					
Regular	\$7,915,820	\$41,177	\$733,475	\$548,582	(\$6,592,586)
Special	2,267,521	0	951,171	0	(1,316,350)
Vocational	210,685	0	0	0	(210,685)
Student Intervention Services	561,858	0	384,726	0	(177,132)
Support Services:					
Pupil	403,572	0	71,438	0	(332,134)
Instructional Staff	541,546	0	21,670	0	(519,876)
Board of Education	20,004	0	0	0	(20,004)
Administration	956,858	0	53,247	0	(903,611)
Fiscal	317,700	0	0	0	(317,700)
Business	61,845	0	0	0	(61,845)
Operation and Maintenance of Plant	1,654,245	0	77,939	0	(1,576,306)
Pupil Transportation	485,656	0	68,616	0	(417,040)
Operation of Non-Instructional Services	74,915	0	86,380	0	11,465
Operation of Food Services	617,512	67,191	494,961	0	(55,360)
Extracurricular Activities	674,882	185,132	4,847	0	(484,903)
Interest and Fiscal Charges	217,697	0	0	0	(217,697)
Totals	\$16,982,316	\$293,500	\$2,948,470	\$548,582	(13,191,764)
General Revenues					
Property Taxes Levied for:					
					2,021,813
					196,940
					25,423
					10,553,870
					3,697
					29,524
					<i>Total General Revenues</i>
					12,831,267
					(360,497)
					<i>Net Assets Beginning of Year</i>
					31,260,041
					<i>Net Assets End of Year</i>
					\$30,899,544

See accompanying notes to the basic financial statements

Campbell City School District

*Balance Sheet
Governmental Funds
June 30, 2010*

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$1,117,403	\$345,945	\$864,401	\$2,327,749
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	103,351	0	0	103,351
Property Taxes Receivable	2,601,851	247,996	32,851	2,882,698
Intergovernmental Receivable	21,226	0	367,358	388,584
Interfund Receivable	285,618	0	0	285,618
Inventory Held for Resale	0	0	16,901	16,901
Materials and Supplies Inventory	0	0	3,138	3,138
<i>Total Assets</i>	<u>\$4,129,449</u>	<u>\$593,941</u>	<u>\$1,284,649</u>	<u>\$6,008,039</u>
 Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$13,695	\$0	\$17,769	\$31,464
Accrued Wages and Benefits	1,270,673	0	225,719	1,496,392
Interfund Payable	0	10,636	274,982	285,618
Intergovernmental Payable	369,965	0	67,433	437,398
Matured Compensated Absences Payable	41,903	0	3,478	45,381
Deferred Revenue	2,601,851	247,996	120,205	2,970,052
<i>Total Liabilities</i>	<u>4,298,087</u>	<u>258,632</u>	<u>709,586</u>	<u>5,266,305</u>
 Fund Balances				
Reserved for Encumbrances	131,967	0	348,060	480,027
Reserved for Textbooks	23,159	0	0	23,159
Reserved for Budget Stabilization	80,192	0	0	80,192
Unreserved:				
Undesignated, Reported in:				
General Fund (Deficit)	(403,956)	0	0	(403,956)
Special Revenue Funds	0	0	143,256	143,256
Debt Service Fund	0	335,309	0	335,309
Capital Projects Funds	0	0	83,747	83,747
<i>Total Fund Balances</i>	<u>(168,638)</u>	<u>335,309</u>	<u>575,063</u>	<u>741,734</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$4,129,449</u>	<u>\$593,941</u>	<u>\$1,284,649</u>	<u>\$6,008,039</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, 2010*

Total Governmental Fund Balances	\$741,734
 <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.	34,610,530
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	
Property Taxes	550,767
Intergovernmental	87,354
Total	638,121
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.	6,806
In the statement of activities, bond issuance costs are amortized over the term of the bonds, whereas in governmental funds, a bond issuance expenditure is reported when bonds are issued.	47,956
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	(3,652)
Vacation benefits payable is not expected to be paid with expendable available financial resources and therefore is not reported in the funds.	(81,049)
Long-term liabilities payable are not due and payable in the current period and therefore are not reported in the funds.	
Compensated Absences	(702,186)
General Obligation Bonds	(2,155,716)
Capital Leases Payable	(2,203,000)
Total	(5,060,902)
<i>Net Assets of Governmental Activities</i>	\$30,899,544

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, 2010

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	\$2,033,423	\$198,065	\$25,544	\$2,257,032
Intergovernmental	11,013,030	89,422	2,896,540	13,998,992
Interest	3,697	0	121	3,818
Tuition and Fees	41,177	0	0	41,177
Extracurricular Activities	0	0	185,132	185,132
Contributions and Donations	838	0	7,347	8,185
Charges for Services	0	0	67,191	67,191
Miscellaneous	12,801	2,323	14,400	29,524
<i>Total Revenues</i>	<u>13,104,966</u>	<u>289,810</u>	<u>3,196,275</u>	<u>16,591,051</u>
Expenditures				
Current:				
Instruction:				
Regular	6,397,446	0	696,902	7,094,348
Special	1,248,832	0	927,031	2,175,863
Vocational	210,469	0	0	210,469
Student Intervention Services	135,323	0	481,783	617,106
Support Services:				
Pupil	360,315	0	59,486	419,801
Instructional Staff	478,310	0	21,993	500,303
Board of Education	15,590	0	0	15,590
Administration	876,858	0	53,574	930,432
Fiscal	311,497	4,444	585	316,526
Business	61,845	0	0	61,845
Operation and Maintenance of Plant	1,508,474	0	77,136	1,585,610
Pupil Transportation	376,874	0	65,890	442,764
Operation of Non-Instructional Services	0	0	74,819	74,819
Operation of Food Services	0	0	542,555	542,555
Extracurricular Activities	237,859	0	201,535	439,394
Capital Outlay	548,582	0	10,324	558,906
Debt Service:				
Principal Retirement	161,534	130,000	0	291,534
Interest and Fiscal Charges	176,415	65,762	0	242,177
Issuance Costs	0	48,922	0	48,922
<i>Total Expenditures</i>	<u>13,106,223</u>	<u>249,128</u>	<u>3,213,613</u>	<u>16,568,964</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(1,257)</u>	<u>40,682</u>	<u>(17,338)</u>	<u>22,087</u>
Other Financing Sources (Uses)				
Refunding Bonds Issued	0	1,635,000	0	1,635,000
Premium on Refunding Bonds Issued	0	175,614	0	175,614
Payment to Refunded Bond Escrow Agent	0	(1,761,690)	0	(1,761,690)
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>48,924</u>	<u>0</u>	<u>48,924</u>
<i>Net Change in Fund Balances</i>	(1,257)	89,606	(17,338)	71,011
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>(167,381)</u>	<u>245,703</u>	<u>592,401</u>	<u>670,723</u>
<i>Fund Balances (Deficit) End of Year</i>	<u><u>(\$168,638)</u></u>	<u><u>\$335,309</u></u>	<u><u>\$575,063</u></u>	<u><u>\$741,734</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, 2010*

Net Change in Fund Balances - Total Governmental Funds \$71,011

*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	644,225
Depreciation	<u>(1,275,468)</u>

Total (631,243)

Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. (144,322)

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

Property Taxes	(12,856)
Intergovernmental	<u>43,624</u>

Total 30,768

Repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 2,053,224

In the statement of activities, bond issuance costs are amortized over the term of the bonds, whereas in governmental funds, a bond issuance expenditure is reported when bonds are issued. 48,922

Other financing sources in the governmental funds increase long-term liabilities in the statement of net assets.

General Obligation Bonds Issued	(1,635,000)
Premium on Bonds Issued	<u>(175,614)</u>

Total (1,810,614)

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	63,191
Bond Accretion	(38,711)
Amortization of Premium on Bonds	3,466
Amortization of Bond Issuance Costs	(966)
Amortization of Loss on Refunding	<u>(2,500)</u>

Total 24,480

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	(28,074)
Vacation Benefits Payable	<u>13,608</u>

Total (14,466)

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. 11,743

Change in Net Assets of Governmental Activities (\$360,497)

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, 2010

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property Taxes	\$2,001,444	\$2,033,423	\$2,033,423	\$0
Intergovernmental	10,831,835	10,996,139	10,996,139	0
Interest	3,639	3,697	3,697	0
Tuition and Fees	40,529	41,177	41,177	0
Contributions and Donations	825	838	838	0
Miscellaneous	14,782	15,018	15,018	0
<i>Total Revenues</i>	12,893,054	13,090,292	13,090,292	0
Expenditures				
Current:				
Instruction:				
Regular	6,611,762	6,341,985	6,335,768	6,217
Special	1,307,486	1,261,914	1,261,914	0
Vocational	220,438	235,035	235,035	0
Student Intervention Services	126,592	121,915	121,915	0
Support Services:				
Pupil	353,536	340,473	339,585	888
Instructional Staff	452,323	435,610	435,584	26
Board of Education	16,632	16,017	16,017	0
Administration	915,168	881,354	875,902	5,452
Fiscal	321,433	309,556	309,320	236
Business	64,218	61,845	61,845	0
Operation and Maintenance of Plant	1,636,909	1,576,427	1,553,487	22,940
Pupil Transportation	396,030	381,397	371,544	9,853
Extracurricular Activities	241,955	233,016	233,016	0
Capital Outlay	548,582	548,582	548,582	0
Debt Service:				
Principal Retirement	161,534	161,534	161,534	0
Interest and Fiscal Charges	176,415	176,415	176,415	0
<i>Total Expenditures</i>	13,551,013	13,083,075	13,037,463	45,612
<i>Excess of Revenues Over (Under) Expenditures</i>	(657,959)	7,217	52,829	45,612
Other Financing Sources (Uses)				
Advances In	136,360	136,360	136,360	0
Advances Out	(277,582)	(277,582)	(277,582)	0
<i>Total Other Financing Sources (Uses)</i>	(141,222)	(141,222)	(141,222)	0
<i>Net Change in Fund Balance</i>	(799,181)	(134,005)	(88,393)	45,612
<i>Fund Balance Beginning of Year</i>	997,979	997,979	997,979	0
Prior Year Encumbrances Appropriated	165,506	165,506	165,506	0
<i>Fund Balance End of Year</i>	\$364,304	\$1,029,480	\$1,075,092	\$45,612

See accompanying notes to the basic financial statements

Campbell City School District

Statement of Fund Net Assets

Internal Service Fund

June 30, 2010

	<u>Insurance</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$8,053
Liabilities	
Claims Payable	<u>1,247</u>
Net Assets	
Unrestricted	<u><u>\$6,806</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, 2010*

	Insurance
Operating Revenues	
Charges for Services	\$42,983
Operating Expenses	
Purchased Services	3,669
Claims	27,571
<i>Total Operating Expenses</i>	31,240
<i>Change in Net Assets</i>	11,743
<i>Net Assets (Deficit) Beginning of Year</i>	(4,937)
<i>Net Assets End of Year</i>	\$6,806

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, 2010

	<u>Insurance</u>
<i>Increase (Decrease) in Cash and Cash Equivalents</i>	
Cash Flows from Operating Activities	
Cash Received from Interfund Services Provided	\$42,983
Cash Payments for Purchased Services	(3,669)
Cash Payments for Claims	(31,767)
<i>Net Increase in Cash and Cash Equivalents</i>	7,547
<i>Cash and Cash Equivalents Beginning of Year</i>	506
<i>Cash and Cash Equivalents End of Year</i>	\$8,053
 Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income	\$11,743
Adjustments:	
Decrease in Claims Payable	(4,196)
<i>Net Cash Provided by Operating Activities</i>	\$7,547
 See accompanying notes to the basic financial statements	

Campbell City School District

Statement of Fiduciary Net Assets

Fiduciary Funds

June 30, 2010

	Private Purpose Trust	
	Endowment	Agency
Assets		
Equity in Pooled Cash and Cash Equivalents	\$46,694	<u>\$57,340</u>
Liabilities		
Due to Students	<u>0</u>	<u>\$57,340</u>
Net Assets		
Held in Trust for Scholarships	<u>\$46,694</u>	

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, 2010

	Endowment
Additions	
Interest	\$526
Deductions	
Scholarships Awarded	1,000
<i>Change in Net Assets</i>	(474)
<i>Net Assets Beginning of Year</i>	47,168
<i>Net Assets End of Year</i>	\$46,694

See accompanying notes to the basic financial statements

Campbell City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

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 113 certified employees and 87 classified employees who provide services to 1,284 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, 2010

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.

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, 2010

Bond Retirement Fund The bond retirement fund accounts for property tax revenues that are used for payment of principal and interest and fiscal charges on general obligation debt.

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.

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.

Campbell City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

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 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, 2010, but which were levied to finance fiscal year 2011 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.

Campbell City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

Budgetary Data

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original and final budgeted amounts in the budgetary statements reflect the amounts in the amended certificates that were in effect at the time when the original and final appropriations were passed by the Board of Education.

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.

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 2010, 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 2010 amounted to \$3,697, of which \$1,780 was assigned from other School District funds.

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

Inventory

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

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

Campbell City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

legislation. Restricted assets in the general fund are monies required by State statute to be set-aside to create a reserve for the purchase of textbooks and a reserve for budget stabilization. See Note 20 for additional information regarding set-asides.

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

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.

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.

Campbell City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

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

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.

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.

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.

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, textbooks 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.

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

Campbell City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

activity of the fund. Any revenues or expenses not meeting the definitions of operating is reported as non-operating.

Bond Issuance Costs

Bond issuance costs for underwriting fees and bond insurance for the school improvement general obligation bonds are being amortized using the straight-line method over the life of the bonds on the government-wide statements. The straight-line method of amortization is not materially different from the effective-interest method. On the governmental fund financial statements bond issuance costs are recognized when the debt is issued.

As permitted by State statute, the School District paid bond issuance costs from the bond proceeds and therefore does not consider that portion of the debt to be capital-related debt. That portion of the debt was offset against the unamortized bond issuance costs which were included in the determination of unrestricted net assets. Reporting both within the same element of net assets prevents one classification from being overstated while another is understated by the same amount.

Bond Premium

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

Deferred Loss on Refunding

On the government-wide financial statements, the difference between the reacquisition price (funds required to refund the old debt) and the net carrying amount of the old debt, the gain/loss on the refunding, is being amortized as a component of interest expense. This deferred amount is amortized over the life of the old or new debt, whichever is shorter, using the effective interest method and is presented net of the general obligation bonds payable on the statement of net assets.

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.

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.

Campbell City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

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

For fiscal year 2010, the School District has implemented Governmental Accounting Standard Board (GASB) Statement No. 51, “Accounting and Reporting for Intangible Assets”, Statement No. 53, “Accounting and Financial Reporting for Derivative Instruments”, Statement No. 57, “OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans”, and Statement No. 58, “Accounting and Financial Reporting for Chapter 9 Bankruptcies”.

GASB Statement No. 51 establishes accounting and financial reporting requirements for intangible assets to reduce inconsistencies thereby enhancing the comparability of accounting and financial reporting of such assets among state and local governments. The implementation of this statement did not result in any change to the School District’s financial statements.

GASB Statement No. 53 enhances the usefulness and comparability of derivative instrument information reported by state and local governments. This Statement provides a comprehensive framework for the measurement, recognition, and disclosure of derivative instrument transactions. The implementation of this statement did not result in any change to the School District’s financial statements.

GASB Statement No. 57 addresses issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans (that is, agent employers). The requirements in this Statement will allow more agent employers to use the alternative measurement method to produce actuarially based information for purposes of financial reporting and clarify that OPEB measures reported by agent multiple-employer OPEB plans and their participating employers should be determined at the same minimum frequency and as of a common date to improve the consistency of reporting with regard to funded status and funding progress information. The implementation of this statement did not result in any change in the School District’s financial statements.

GASB Statement No. 58 provides accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. The requirements in this Statement will provide more consistent recognition, measurement, display, and disclosure guidance for governments that file for Chapter 9 bankruptcy. The implementation of this statement did not result in any change in the School District’s financial statements.

Note 4 – Fund Deficits

At June 30, 2010, the general fund had a deficit of \$168,638. The deficit was 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.

Campbell City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

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	(\$1,257)
Revenue Accruals	(14,674)
Advance In	136,360
Expenditure Accruals	214,422
Advance Out	(277,582)
Encumbrances	(145,662)
Budget Basis	<u><u>(\$88,393)</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 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

Campbell City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

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 (STAR Ohio); 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.

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 2010 represents collections of calendar year 2009 taxes. Real property taxes received in calendar year 2010 were levied after April 1, 2009, on the assessed value listed as of January 1, 2009, the lien date. Assessed values for real

Campbell City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

property taxes are established by State law at 35 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 2010 represents collections of calendar year 2009 taxes. Public utility real and tangible personal property taxes received in calendar year 2010 became a lien December 31, 2008, were levied after April 1, 2009 and are collected in 2009 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar 2010 (other than public utility property tax) represents the collection of 2010 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. Tangible personal property taxes received from telephone companies in calendar year 2010 were levied after October 1, 2009, on the value as of December 31, 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, 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, 2010, are available to finance fiscal year 2010 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2010 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, 2010 or June 30, 2009.

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.

Campbell City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

The assessed values upon which the fiscal year 2010 taxes were collected are:

	2009 Second Half Collections		2010 First Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$76,425,450	96.55%	\$76,233,670	96.76%
Public Utility Personal	2,502,090	3.16	2,457,690	3.12
General Business Personal	232,200	0.29	95,515	0.12
Total	\$79,159,740	100.00%	\$78,786,875	100.00%
Full Tax Rate per \$1,000 of assessed valuation	\$40.45		\$40.45	

Note 8 - Receivables

Receivables at June 30, 2010, 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	\$210,098
Title VI-B Grants	89,031
Reducing Class Size Grants	27,197
Public Preschool Grants	22,614
Food Service Subsidies	14,104
CAFS Settlement	10,970
Ohio Medicaid School Pogram	10,256
Title II-D Grants	2,914
Drug Free School Grants	1,400
Total	\$388,584

Campbell City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

Note 9 - Contingencies

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, 2010.

Litigation

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

Note 10 – Capital Assets

Capital asset activity for the fiscal year ended June 30, 2010, was as follows:

Governmental Activities	Balance 6/30/2009	Additions	Deductions	Balance 6/30/2010
<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	609,535	(1,568,900)	2,585,862
Vehicles	769,683	34,690	(53,077)	751,296
<i>Total Capital Assets being Depreciated</i>	44,060,308	644,225	(1,621,977)	43,082,556
Less Accumulated Depreciation:				
Land Improvements	(415,413)	(81,027)	0	(496,440)
Buildings and Improvements	(5,223,819)	(774,320)	0	(5,998,139)
Furniture, Fixtures and Equipment	(2,634,367)	(371,451)	1,424,578	(1,581,240)
Vehicles	(530,859)	(48,670)	53,077	(526,452)
<i>Total Accumulated Depreciation</i>	(8,804,458)	(1,275,468)	1,477,655	(8,602,271)
<i>Total Assets being Depreciated, Net</i>	35,255,850	(631,243)	(144,322)	34,480,285
<i>Governmental Activities Capital Assets, Net</i>	\$35,386,095	(\$631,243)	(\$144,322)	\$34,610,530

Campbell City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

Depreciation expense was charged to governmental activities as follows:

Instruction:	
Regular	\$662,226
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	99,858
Pupil Transportation	43,894
Food Service Operation	79,061
Extracurricular Activities	235,488
Total Depreciation Expense	<u>\$1,275,468</u>

Note 11 - Risk Management

Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2010, the School District contracted with Netherlands Insurance Company for property and liability insurance. The comprehensive commercial insurance coverage limits are \$54,138,247 with a \$1,000 deductible. The business auto coverage limits are \$1,000,000 for liability and \$1,000,000 for uninsured motorists. The School District has liability insurance coverage limits of \$1,000,000 per claim and \$2,000,000 general aggregate.

Employee Health Benefits

For fiscal 2010, the School District was a participant in the Mahoning County School Employees Insurance Consortium (the "Consortium") to provide employee health, dental 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, 2009, the School District provides full-time employees with 99 percent Board paid hospitalization, dental and prescription drugs under the Core Plan. Full-time employees opting for the Low Deductible Plan will receive 95 percent Board paid hospitalization, dental and prescription drugs.

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.

Campbell City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

Self Insurance

Through December 2009, the School District provided dental and vision benefits for its employees and their covered dependents through its self-insurance fund. Beginning in January 2010, only vision benefits continue to be self-insured. Medical Mutual administers the plan and reviews all claims paid by the School District.

The claims liability of \$1,247 reported in the internal service fund at June 30, 2010 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 fiscal years 2009 and 2010 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
2010	5,443	27,571	31,767	1,247

Worker’s Compensation

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

Note 12 - Pension Plans

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 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 2010, 12.78 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 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, 2010, 2009, and 2008 were \$261,454, \$177,026, and \$182,489, respectively; 98.68 percent has been contributed for fiscal year 2010 and 100 percent has been contributed for fiscal year 2009 and 2008.

Campbell City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

State Teachers Retirement System

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 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 of 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, 2010, 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 2009, 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.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2010, 2009, and 2008 were \$848,692, \$831,441, and \$808,169, respectively; 84.30 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008. Contributions to the DC and Combined Plans for fiscal year 2010 were \$19,622 made by the School District and \$14,016 made by the plan members.

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, 2010, one member of the Board of Education has elected Social Security. The Board's liability is 6.2 percent of wages.

Campbell City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

Note 13 - Postemployment Benefits

School Employees 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 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 2010, 1.22 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 2010, this amount was \$35,800. During fiscal year 2010, the School District paid \$30,180 in surcharge.

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, 2010, 2009, and 2008 were \$26,537, \$81,284, and \$112,043, respectively; 98.68 percent has been contributed for fiscal years 2010 and 100 percent for fiscal years 2009 and 2008.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2010, this actuarially required allocation was 0.76 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2010, 2009, and 2008, were \$16,531, \$15,241, and \$13,149 respectively; 98.68 percent has been contribution for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

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 2010, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The

Campbell City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

School District's contributions for health care for the fiscal years ended June 30, 2010, 2009, and 2008 were \$65,284, \$63,957, and \$62,167 respectively; 84.30 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

Note 14 - Other Employee Benefits

Compensated Absences

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

Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Upon retirement, 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.

Life Insurance Benefits

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

Note 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%	114,000	2013 to 2015
Current Issue Term Bonds	5.75%	1,490,000	2016 to 2023
2010 Various Purpose Refunding Bonds:			
Current Interest Serial Bonds	2.90% to 3.70%	1,185,000	2018 to 2023
Capital Appreciation Bonds	18.16%	125,000	2016 to 2017
Current Issue Term Bonds	1.00 % to 1.70%	325,000	2011 to 2015

Campbell City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

Changes in long-term obligations of the School District during fiscal year 2010 were as follows:

	Principal Outstanding 6/30/09	Additions	Deductions	Principal Outstanding 6/30/10	Amounts Due in One Year
General Obligation Bonds					
2000 Various Purpose Imp Bonds					
Current Interest Serial Bonds	\$415,000	\$0	(\$275,000)	\$140,000	\$140,000
Capital Appreciation Bonds	114,000	0	0	114,000	0
Accretion on Capital Appreciation Bonds	180,047	32,408	0	212,455	0
Current Interest Term Bonds	1,490,000	0	(1,490,000)	0	0
Total 2000 Various Purpose Imp Bonds	2,199,047	32,408	(1,765,000)	466,455	140,000
2010 Various Purpose Refunding Bonds					
Current Interest Serial Bonds	0	1,185,000	0	1,185,000	0
Capital Appreciation Bonds	0	125,000	0	125,000	0
Accretion on Capital Appreciation Bonds	0	6,303	0	6,303	0
Current Interest Term Bonds	0	325,000	0	325,000	45,000
Premium	0	175,614	(3,466)	172,148	0
Accounting Loss	0	(126,690)	2,500	(124,190)	0
Total 2010 Various Purpose Refunding Bonds	0	1,690,227	(966)	1,689,261	45,000
Total General Obligation Bonds	2,199,047	1,722,635	(1,765,966)	2,155,716	185,000
Other Long-Term Obligations					
Capital Lease Payable	2,364,534	0	(161,534)	2,203,000	125,000
Compensated Absences	674,112	110,479	(82,405)	702,186	45,381
Total Other Long-Term Obligations	3,038,646	110,479	(243,939)	2,905,186	170,381
Total Governmental Activities					
Long-Term Liabilities	<u>\$5,237,693</u>	<u>\$1,833,114</u>	<u>(\$2,009,905)</u>	<u>\$5,060,902</u>	<u>\$355,381</u>

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

On June 15, 2000, the School District issued \$3,019,000 in voted general obligation bonds which included serial, term and capital appreciation (deep discount) bonds in the amount of \$1,415,000, \$1,490,000 and \$114,000, respectively. The general obligation bonds were issued for the purpose of providing funding for the construction of a new K-8 elementary and middle school building and renovations and additions to the high school. On March 23, 2010, the full amount of the term bonds and a portion of the serial bonds were retired by the School District through an advance refunding. Serial bonds of \$140,000 remained outstanding at June 30, 2010. The final maturity amount of outstanding capital appreciation bonds at June 30, 2010, is \$465,000. The accretion recorded for the capital appreciation bonds for 2010 was \$32,408.

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

Campbell City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

The term bonds maturing on December 1, 2016 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:

Year	Issue	
	\$225,000	\$100,000
2011	45,000	0
2012	0	0
2013	0	35,000
2014	0	30,000
Total	\$45,000	\$65,000
<i>Stated Maturity</i>	<i>12/1/2015</i>	<i>12/1/2016</i>

The remaining principal amount of the term bonds (\$180,000, \$35,000) will mature at the stated maturity.

The refunding bonds were sold at a premium of \$175,614. Net proceeds of \$1,761,690 were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded portion of the various bonds. As a result, \$1,635,000 of these bonds is considered defeased and the liability for the refund portion of these bonds has been removed from the School District's financial statements.

The School District decreased its total debt service payments by \$176,881 as a result of the advance refunding. The School District also incurred an economic gain (difference between the present values of the old and new debt service payments) of \$134,925.

An analysis of the refunding issue follows:

	2000 Various Purpose Imp Bonds
Outstanding at June 30, 2009	\$2,199,047
Amount Refunded	(1,635,000)
Current Fiscal Year Accretion	32,408
Non-Refunded Portion	596,455
Principal Payment on Non-Refunded Portion	(130,000)
Outstanding Principal at June 30, 2010	\$466,455

The School District's overall debt margin was \$5,528,531 with an unvoted debt margin of \$78,691 at June 30, 2010. Principal and interest requirements to retire general obligation bonds are as follows:

Campbell City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

	General Obligation Bonds					
	Term		Serial		Capital Appreciation	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$45,000	\$3,725	\$140,000	\$43,585	\$0	\$0
2012	180,000	2,600	0	39,875	0	0
2013	35,000	1,403	0	39,875	42,036	112,964
2014	30,000	850	0	39,875	37,861	117,139
2015	35,000	298	0	39,875	34,103	120,897
2016-2020	0	0	565,000	174,175	125,000	240,000
2021-2023	0	0	620,000	34,357	0	0
Total	<u>\$325,000</u>	<u>\$8,876</u>	<u>\$1,325,000</u>	<u>\$411,617</u>	<u>\$239,000</u>	<u>\$591,000</u>

Note 16 – Capital Leases

In prior years, the School District entered into a capital lease for the construction of a stadium facility. The lease obligation meets the criteria of a capital lease 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, 2010 follows:

	<u>Amounts</u>
Asset:	
Land Improvements	\$1,543,580
Buildings and Improvements	1,291,420
Less: Accumulated Depreciation	<u>(618,044)</u>
Current Book Value	<u>\$2,216,956</u>

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:

<u>Year ending June 30,</u>	<u>Capital Lease</u>
2011	\$234,904
2012	234,316
2013	233,443
2014	233,235
2015	232,664
2016-2020	1,159,191
2021-2023	<u>687,570</u>
Total Minimum Lease Payments	3,015,323
Less: Amount Representing Interest	<u>(812,323)</u>
Present Value of Minimum Lease Payments	<u>\$2,203,000</u>

Campbell City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

Note 17 - Interfund Balances

	<u>Interfund Receivable</u>
<u>Interfund Payable</u>	<u>General</u>
<i>Major Fund:</i>	
Bond Retirement	\$10,636
<i>Other Governmental Funds:</i>	
Public Preschool	22,614
Title VI-B	68,317
Title II-D	1,365
Title I	153,068
Drug Free Schools	2,421
Reducing Class Size	<u>27,197</u>
Total	<u><u>\$285,618</u></u>

The general fund reported an interfund receivable at June 30, 2010 of \$285,618. The bond retirement debt service fund had an interfund payable of \$10,636 due to an advance received in prior years and other governmental funds had an interfund payable of \$274,982 due to the timing of grant receipts.

Note 18 - Jointly Governed Organizations

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 2010. The School District paid \$52,285 to COG during fiscal year 2010. 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.

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, 2010

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, 2010, 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.

	<u>Textbooks Instructional Materials</u>	<u>Capital Improvements</u>	<u>Budget Stabilization</u>
Set-Aside Reserve Balance as of June 30, 2009	(\$22,642)	(\$2,210,137)	\$80,192
Current Year Set-aside Requirement	216,756	216,756	0
Qualifying Disbursements	<u>(170,955)</u>	<u>(133,385)</u>	<u>0</u>
Total	<u>\$23,159</u>	<u>(\$2,126,766)</u>	<u>\$80,192</u>
Set-aside Balance Carried Forward to Future Fiscal Years	<u>\$23,159</u>	<u>(\$2,126,766)</u>	<u>\$80,192</u>
Set-aside Reserve Balance as of June 30, 2010	<u>\$23,159</u>	<u>\$0</u>	<u>\$80,192</u>

The School District had qualifying disbursements during the fiscal year that reduced the capital acquisition set-asides below zero. The negative balance being carried forward in the capital acquisition set-aside represents the still outstanding balance on the School District's Ohio Schools Facilities Commission bonds. The total reserve balance for the set-asides at the end of the fiscal year was \$103,351.

**CAMPBELL CITY SCHOOL DISTRICT
MAHONING COUNTY**

**FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2010**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>						
<i>Passed Through Ohio Department of Education:</i>						
Child Nutrition Cluster:						
School Breakfast Program		10.553	\$86,020		\$86,020	
National School Lunch Program		10.555	332,565	22,735	323,565	22,735
Sub-Total U.S. Department of Agriculture - Nutrition Cluster			418,585	22,735	409,585	22,735
ARRA Cafeteria Equipment Assistance		10.579	5,444		5,444	
Fruit and Vegetable		10.582	31,893		31,893	
Total U.S. Department of Agriculture			455,922	22,735	446,922	22,735
<u>U.S. DEPARTMENT OF JUSTICE</u>						
<i>Passed Through Ohio Department of Justice:</i>						
Edward Byne Memorial Justice Grant	JG-B01-09	16.738	5,765		5,765	
<u>U.S. DEPARTMENT OF EDUCATION</u>						
<i>Passed Through Ohio Department of Education:</i>						
Special Education Cluster:						
Special Education Grants to States	6B-SF-09	84.027	25,244		62,848	
	6B-SF-10	84.027	231,613		238,439	
			256,857		301,287	
Special Education Grants to State - ARRA	6B-SF-10	84.391	138,562		130,250	
Total Special Education Cluster			395,419		431,537	
Title 1 Part A Cluster						
Title I Grants to Local Educational Agencies	C1-S1-9809	84.010	55,441		92,239	
	C1-S1-9810	84.010	578,983		548,736	
	C1-S1-9909	84.010	0		12,143	
	C1-S1-9910	84.010	51,216		47,562	
			685,640		700,680	
Title I Grants to Local Educational Agencies - ARRA	C1-S1-932N	84.389	131,000		144,612	
Total Title I Part A Grants to Local Educational Agencies Cluster			816,640		845,292	
Safe and Drug-Free Schools and Communities	DR-S1-09	84.186	1,642		7,442	
	DR-S1-10	84.186	6,000		10,127	
Total Safe and Drug-Free Schools and Communities			7,642		17,569	
State Grants for Innovative Programs	C2-S1-09	84.298	0		1,847	
Education Technology State Grants	TJ-S1-09	84.318	1,937		2,687	
	TJ-S1-10	84.318	1,782		3,147	
Total Education Technology State Grants			3,719		5,834	
Improving Teacher Quality State Grants	TR-S1-09	84.367	0		10,139	
	TR-S1-10	84.367	94,099		98,872	
Total Improving Teacher Quality State Grants			94,099		109,011	
State Fiscal Stabilization - ARRA		84.394	631,709		594,515	
Total U.S. Department of Education			1,949,228	0	2,005,605	0
Totals:			\$2,410,915	\$22,735	\$2,458,292	\$22,735

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, 2010**

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

The District reports commodities consumed on the Schedule at the fair value. The District allocates donated food commodities to the respective programs that benefitted from the use of those donated food commodities.



Dave Yost • 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, 2010, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 4, 2011. 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 the purpose of expressing our opinion on the financial statements, but not for the purpose of opining 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 *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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.

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 matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated February 4, 2011.

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, and others within the District. We intend it for no one other than these specified parties.

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

Dave Yost
Auditor of State

February 4, 2011



Dave Yost • 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 programs for the year ended June 30, 2010. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal programs. 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 included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the 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 District complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2010.

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, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be deficiencies, 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, others within the entity, 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 "Dave Yost". The signature is written in a cursive style with a large, looping "Y" and "O".

Dave Yost
Auditor of State

February 4, 2011

**CAMPBELL CITY SCHOOL DISTRICT
MAHONING COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2010**

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):	Special Education Cluster (84.027/84.391) Nutrition Cluster (10.555/10.553) State Fiscal Stabilization 84.394
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

This Page is Intentionally Left Blank.



Dave Yost • Auditor of State

CAMPBELL CITY SCHOOL DISTRICT

MAHONING COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 31, 2011**