



Dave Yost • Auditor of State

**CAMPBELL CITY SCHOOL DISTRICT
MAHONING COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Campbell City School District, Mahoning County, Ohio (the District), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Campbell City School District, Mahoning County, Ohio, as of June 30, 2014, and the respective changes in financial position thereof and the budgetary comparison for the General fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary Information

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

The Schedule of Federal Award Receipts and Expenditures presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is also not a required part of the financial statements.

The schedule is management's responsibility, and derives from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the schedule 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 schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 18, 2015, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Dave Yost
Auditor of State
Columbus, Ohio

February 18, 2015

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Campbell City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
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, 2014. 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 position decreased due mainly to a reduction in capital assets resulting from an additional year of depreciation. The decrease in net position was partially offset by decreases in accrued wages and benefits payable and matured compensated absences payable.
- On December 3, 2013, the School District issued \$592,000 in energy conservation improvement bonds for energy improvements to various School District buildings. As of June 30, 2014, the project had not been started and none of the bond proceeds had been spent.
- Total revenues increased in fiscal year 2014 due to increased State funding for economic disadvantage.

Overview of the Financial Statements

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

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

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

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

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.

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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 building capital projects fund.

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

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

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Table 1 provides a comparison of the School District's net position for 2014 compared to 2013.

Campbell City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited

Table 1
Net Position
Governmental Activities

	2014	2013	Change
Assets			
Current and Other Assets	\$5,328,515	\$4,764,793	\$563,722
Capital Assets, Net	30,782,237	31,843,653	(1,061,416)
Total Assets	36,110,752	36,608,446	(497,694)
Liabilities			
Current Liabilities	1,968,329	2,077,746	109,417
Long-Term Liabilities			
Due Within One Year	491,277	406,834	(84,443)
Due in More Than One Year	4,171,823	3,890,175	(281,648)
Total Liabilities	6,631,429	6,374,755	(256,674)
Deferred Inflows of Resources	2,067,368	2,026,318	(41,050)
Net Position			
Net Investment in Capital Assets	27,620,443	28,456,134	(835,691)
Restricted for:			
Capital Projects	196,178	337,945	(141,767)
Debt Service	328,885	372,388	(43,503)
Set Asides	80,192	80,192	0
Other Purposes	609,710	532,627	77,083
Unrestricted (Deficit)	(1,423,453)	(1,571,913)	148,460
Total Net Position	\$27,411,955	\$28,207,373	(\$795,418)

Current assets increased due to an increase in cash and cash equivalents resulting from higher foundation revenues for economic disadvantaged funding and from the issuance of energy conservation improvement bonds which remained unspent at fiscal year-end. The decrease in capital assets was due to current year depreciation.

Current liabilities decreased during fiscal year 2014 due mainly to a decrease in accrued wages and benefits payable as well as to a decrease in matured compensated absences payable resulting from fewer employees retiring at year end. Long-term liabilities increased which can be attributed to the issuance of energy conservation improvement bonds as well as to an increase in compensated absences payable. The increase in long-term liabilities was partially offset by annual payments on general obligation bonds and capital leases.

Campbell City School District
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Table 2 shows the changes in net position for fiscal year 2014 compared to 2013.

Table 2
 Changes in Net Position
 Governmental Activities

	2014	2013	Change
Program Revenues			
Charges for Services and Sales	\$179,569	\$227,497	(\$47,928)
Operating Grants and Contributions	3,230,630	2,810,339	420,291
<i>Total Program Revenues</i>	<u>3,410,199</u>	<u>3,037,836</u>	<u>372,363</u>
General Revenues			
Property Taxes	2,145,155	2,102,328	42,827
Grants and Entitlements	10,204,151	9,969,764	234,387
Unrestricted Contributions	24,488	0	24,488
Investment Earnings	31	23	8
Gas Royalties	0	293,646	(293,646)
Miscellaneous	28,391	84,861	(56,470)
<i>Total General Revenues</i>	<u>12,402,216</u>	<u>12,450,622</u>	<u>(48,406)</u>
<i>Total Revenues</i>	<u>15,812,415</u>	<u>15,488,458</u>	<u>323,957</u>
Program Expenses			
Instruction:			
Regular	7,236,304	7,131,833	(104,471)
Special	2,760,661	2,835,514	74,853
Vocational	163,334	168,400	5,066
Student Intervention Services	307,504	265,039	(42,465)
Support Services			
Pupil	419,778	342,749	(77,029)
Instructional Staff	270,841	535,214	264,373
Board of Education	31,196	34,038	2,842
Administration	1,035,042	959,972	(75,070)
Fiscal	373,687	348,689	(24,998)
Operation and Maintenance of Plant	1,967,805	1,918,650	(49,155)
Pupil Transportation	510,965	510,964	(1)
Central	170,279	0	(170,279)
Operation of Non-Instructional Services	14,085	1,500	(12,585)
Operation of Food Services	641,312	751,361	110,049
Extracurricular Activities	503,047	549,884	46,837
Interest and Fiscal Charges	201,993	341,860	139,867
<i>Total Program Expenses</i>	<u>16,607,833</u>	<u>16,695,667</u>	<u>87,834</u>
<i>Change in Net Position</i>	(795,418)	(1,207,209)	411,791
Net Position Beginning of Year	<u>28,207,373</u>	<u>29,414,582</u>	<u>(1,207,209)</u>
Net Position End of Year	<u>\$27,411,955</u>	<u>\$28,207,373</u>	<u>(\$795,418)</u>

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

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

Thus school districts dependent upon property taxes are hampered by a lack of revenue growth and must regularly return to the voters to maintain a constant level of service. Property taxes made up 13.57 percent of revenues for governmental activities for Campbell City School District in both fiscal years 2014 and 2013.

Instruction expenses comprise the largest portion of all program expenses for the School District. These expenses pay for teachers' salaries and benefits. Despite a reduction in certified staff, overall instructional expenses increased in fiscal year 2014 due to a greater amount of capital purchases relating to instructional activities being expensed rather than capitalized. Per School District policy, the capitalization threshold is \$5,000 per single unit.

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 2014 compared to 2013. 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, 2014
Unaudited

Table 3
Total and Net Cost of Program Services
Governmental Activities

	2014		2013	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
Instruction:				
Regular	\$7,236,304	\$6,955,860	\$7,131,833	\$6,906,099
Special	2,760,661	712,213	2,835,514	1,098,356
Vocational	163,334	104,540	168,400	84,144
Student Intervention Services	307,504	307,504	265,039	265,039
Support Services:				
Pupil	419,778	380,976	342,749	307,140
Instructional Staff	270,841	270,841	535,214	535,214
Board of Education	31,196	31,196	34,038	34,038
Administration	1,035,042	877,378	959,972	916,059
Fiscal	373,687	373,687	348,689	348,689
Operation and Maintenance of Plant	1,967,805	1,886,374	1,918,650	1,830,933
Pupil Transportation	510,965	424,026	510,964	369,796
Central	170,279	170,279	0	0
Operation of Non-Instructional Services	14,085	11,585	1,500	250
Operation of Food Services	641,312	88,261	751,361	194,297
Extracurricular Activities	503,047	400,921	549,884	425,917
Interest and Fiscal Charges	201,993	201,993	341,860	341,860
Total	<u>\$16,607,833</u>	<u>\$13,197,634</u>	<u>\$16,695,667</u>	<u>\$13,657,831</u>

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

Financial Analysis of the Government's Funds

Governmental Funds Information about the School District's major funds begins with the balance sheet. These funds are accounted for using the modified accrual basis of accounting. The general fund had an increase in fund balance due to an increase in foundation monies as well as to a drop in salary and maintenance and repair expenditures. The building capital projects fund had an increase in fund balance due to the issuance of energy conservation bonds that remained unspent at fiscal year-end.

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 2014, 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
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For the general fund, the final budget basis revenue estimate was higher than the original budget estimate. The change was attributed mainly to increases in intergovernmental revenue as the School District received notifications of current year grant awards and changes in State aid were finalized.

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

Capital Assets and Long-term Obligations

Capital Assets

Table 4 shows fiscal 2014 balances compared to fiscal 2013.

Table 4
 Capital Assets at June 30
 Governmental Activities

	2014	2013
Land	\$130,245	\$130,245
Land Improvements	342,425	404,394
Buildings and Improvements	29,488,737	30,271,072
Furniture, Fixtures and Equipment	640,800	809,702
Vehicles	180,030	228,240
Total Capital Assets	\$30,782,237	\$31,843,653

The decrease in capital assets was due to current year depreciation. During fiscal year 2014, the School District did not purchase any assets that met the \$5,000 capitalization threshold on an individual unit basis. For more information about the School District's capital assets, see Note 12 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

	2014	2013
General Obligation Bonds	\$2,370,942	\$1,883,861
Capital Leases Payable	1,666,000	1,810,000
Compensated Absences	626,158	603,148
Total	\$4,663,100	\$4,297,009

Campbell City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
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On December 3, 2013, the School District issued \$592,000 in energy conservation improvement bonds for energy improvements to various School District buildings. The bonds will be repaid from the bond retirement debt service fund.

The School District's overall legal debt margin was \$4,831,746 with an unvoted debt margin of \$65,846. For more information about the School District's long-term obligations, see Note 16 to the basic financial statements.

School District Outlook

In Campbell, "A Small City with a Big Heart", we take great pride in our diversity and the success of our schools. Our district is committed to bringing out the best in each and every child as well as financial responsibility. However, the financial future of the School District is not without challenges. The School District continues to rely heavily upon grants and State funding. Federal Title I and Title VI-B funds greatly impact the general fund balance since any excess costs not covered by grant monies default to the general fund. In addition, it is uncertain as to the extent of the implementation of the Patient Protection and Affordable Care Act (PPACA) will cost the School District in additional funds. The rules and implementation of the PPACA are an ongoing issue we are watching closely to evaluate the effect on our District.

The School District's Emergency Levy in the amount of \$989,711 is up for renewal and has been placed on the November 4, 2014 election. The levy was last renewed on May 4, 2010.

Through teamwork, dedication and collaboration, we are committed to reaching the potential of our students' individual needs. We will continue to engage our community in creating a shared vision that will guide us in our decisions; decisions which have led to improvements to the instructional offerings beginning in the fiscal 2015 school year. These changes will be mostly "revenue neutral" due to the School District's becoming more efficient with both staffing and scheduling.

We are very proud of the accomplishments of our students and staff and acknowledge we must always continue to work hard in order to provide students the best opportunities for their futures. The School District will be recognized for receiving an "A" on our district report card in Overall Student Growth at the Eastern Ohio Education Partnership's fifth annual "Excellence in Education" – Celebrating our Schools luncheon. Together with the involvement of all members of this prideful community, supportive alumni and staff we will accomplish our goals for the children we serve while understanding the necessity to be fiscally responsible.

Contacting the School District's Financial Management Personnel

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

Campbell City School District

Statement of Net Position

June 30, 2014

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$1,949,176
Intergovernmental Receivable	332,533
Inventory Held for Resale	5,284
Materials and Supplies Inventory	1,740
Property Taxes Receivable	3,039,782
Nondepreciable Capital Assets	130,245
Depreciable Capital Assets, Net	<u>30,651,992</u>
<i>Total Assets</i>	<u>36,110,752</u>
Liabilities	
Accounts Payable	74,238
Accrued Wages and Benefits	1,388,892
Intergovernmental Payable	394,976
Matured Compensated Absences Payable	21,215
Vacation Benefits Payable	84,120
Accrued Interest Payable	4,888
Long-Term Liabilities:	
Due Within One Year	491,277
Due In More Than One Year	<u>4,171,823</u>
<i>Total Liabilities</i>	<u>6,631,429</u>
Deferred Inflows of Resources	
Property Taxes	<u>2,067,368</u>
Net Position	
Net Investment in Capital Assets	27,620,443
Restricted for:	
Capital Projects	196,178
Debt Service	328,885
Set Asides	80,192
Other Purposes	609,710
Unrestricted (Deficit)	<u>(1,423,453)</u>
<i>Total Net Position</i>	<u><u>\$27,411,955</u></u>

See accompanying notes to the basic financial statements

Campbell City School District
Statement of Activities
For the Fiscal Year Ended June 30, 2014

	Program Revenues		Net (Expense)	
	Charges for Services and Sales	Operating Grants and Contributions	Revenue and Changes in Net Position	
Expenses			Governmental Activities	
Governmental Activities				
Instruction:				
Regular	\$7,236,304	\$10,103	\$270,341	(\$6,955,860)
Special	2,760,661	0	2,048,448	(712,213)
Vocational	163,334	0	58,794	(104,540)
Student Intervention Services	307,504	0	0	(307,504)
Support Services:				
Pupil	419,778	0	38,802	(380,976)
Instructional Staff	270,841	0	0	(270,841)
Board of Education	31,196	0	0	(31,196)
Administration	1,035,042	0	157,664	(877,378)
Fiscal	373,687	0	0	(373,687)
Operation and Maintenance of Plant	1,967,805	7,200	74,231	(1,886,374)
Pupil Transportation	510,965	0	86,939	(424,026)
Central	170,279	0	0	(170,279)
Operation of Non-Instructional Services	14,085	0	2,500	(11,585)
Operation of Food Services	641,312	63,355	489,696	(88,261)
Extracurricular Activities	503,047	98,911	3,215	(400,921)
Interest and Fiscal Charges	201,993	0	0	(201,993)
<i>Totals</i>	<u>\$16,607,833</u>	<u>\$179,569</u>	<u>\$3,230,630</u>	<u>(13,197,634)</u>
General Revenues				
Property Taxes Levied for:				
General Purposes			1,954,109	
Debt Service			164,182	
Classroom Facilities Maintenance			26,864	
Grants and Entitlements not				
Restricted to Specific Programs			10,204,151	
Unrestricted Contributions			24,488	
Investment Earnings			31	
Miscellaneous			28,391	
<i>Total General Revenues</i>			<u>12,402,216</u>	
Change in Net Position			(795,418)	
<i>Net Position Beginning of Year</i>			<u>28,207,373</u>	
<i>Net Position End of Year</i>			<u>\$27,411,955</u>	

See accompanying notes to the basic financial statements

Campbell City School District

Balance Sheet

Governmental Funds

June 30, 2014

	<u>General</u>	<u>Building</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Equity in Pooled Cash and Cash Equivalents	\$232,004	\$620,861	\$1,016,119	\$1,868,984
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	80,192	0	0	80,192
Intergovernmental Receivable	31,586	0	300,947	332,533
Interfund Receivable	60,795	0	0	60,795
Inventory Held for Resale	0	0	5,284	5,284
Materials and Supplies Inventory	0	0	1,740	1,740
Property Taxes Receivable	2,772,949	0	266,833	3,039,782
<i>Total Assets</i>	<u>\$3,177,526</u>	<u>\$620,861</u>	<u>\$1,590,923</u>	<u>\$5,389,310</u>
Liabilities				
Accounts Payable	\$57,913	\$0	\$16,325	\$74,238
Accrued Wages and Benefits	1,240,155	0	148,737	1,388,892
Interfund Payable	0	0	60,795	60,795
Intergovernmental Payable	367,931	0	27,045	394,976
Matured Compensated Absences Payable	21,215	0	0	21,215
<i>Total Liabilities</i>	<u>1,687,214</u>	<u>0</u>	<u>252,902</u>	<u>1,940,116</u>
Deferred Inflows of Resources				
Property Taxes	1,882,436	0	184,932	2,067,368
Unavailable Revenue	890,513	0	382,848	1,273,361
<i>Total Deferred Inflows of Resources</i>	<u>2,772,949</u>	<u>0</u>	<u>567,780</u>	<u>3,340,729</u>
Fund Balances				
Nonspendable	0	0	1,740	1,740
Restricted	80,609	620,861	906,860	1,608,330
Unassigned (Deficit)	(1,363,246)	0	(138,359)	(1,501,605)
<i>Total Fund Balances (Deficit)</i>	<u>(1,282,637)</u>	<u>620,861</u>	<u>770,241</u>	<u>108,465</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$3,177,526</u>	<u>\$620,861</u>	<u>\$1,590,923</u>	<u>\$5,389,310</u>

See accompanying notes to the basic financial statements

Campbell City School District
*Reconciliation of Total Governmental Fund Balances to
 Net Position of Governmental Activities
 June 30, 2014*

Total Governmental Fund Balances	\$108,465
 <i>Amounts reported for governmental activities in the statement of net position are different because</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	30,782,237
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds.	
Delinquent Property Taxes	972,414
Intergovernmental	<u>300,947</u>
Total	1,273,361
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	(4,888)
Vacation benefits payable is not expected to be paid with expendable available financial resources and therefore is not reported in the funds.	(84,120)
Long-term liabilities payable are not due and payable in the current period and therefore are not reported in the funds.	
General Obligation Bonds	(2,370,942)
Capital Leases Payable	(1,666,000)
Compensated Absences	<u>(626,158)</u>
Total	<u>(4,663,100)</u>
<i>Net Position of Governmental Activities</i>	<u><u>\$27,411,955</u></u>

See accompanying notes to the basic financial statements

Campbell City School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2014

	General	Building	Other Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	\$1,885,067	\$0	\$184,931	\$2,069,998
Intergovernmental	11,483,089	0	1,908,615	13,391,704
Interest	31	0	0	31
Tuition and Fees	10,103	0	0	10,103
Extracurricular Activities	11,231	0	87,680	98,911
Contributions and Donations	24,488	0	5,715	30,203
Charges for Services	0	0	63,355	63,355
Rentals	7,200	0	0	7,200
Miscellaneous	13,415	0	14,976	28,391
<i>Total Revenues</i>	<u>13,434,624</u>	<u>0</u>	<u>2,265,272</u>	<u>15,699,896</u>
Expenditures				
Current:				
Instruction:				
Regular	6,290,428	0	301,564	6,591,992
Special	1,908,038	0	748,867	2,656,905
Vocational	163,333	0	0	163,333
Student Intervention Services	307,504	0	0	307,504
Support Services:				
Pupil	382,597	0	51,861	434,458
Instructional Staff	250,013	0	0	250,013
Board of Education	26,383	0	0	26,383
Administration	842,353	0	146,787	989,140
Fiscal	355,235	0	4,618	359,853
Operation and Maintenance of Plant	1,766,229	0	81,619	1,847,848
Pupil Transportation	422,830	0	40,312	463,142
Central	153,642	0	0	153,642
Operation of Non-Instructional Services	0	0	14,085	14,085
Operation of Food Services	0	0	540,917	540,917
Extracurricular Activities	249,254	0	84,126	333,380
Capital Outlay	0	0	160,533	160,533
Debt Service:				
Principal Retirement	144,000	0	67,861	211,861
Interest and Fiscal Charges	92,711	0	49,719	142,430
Capital Appreciation Bond Accretion	0	0	117,139	117,139
Bond Issuance Costs	0	18,141	0	18,141
<i>Total Expenditures</i>	<u>13,354,550</u>	<u>18,141</u>	<u>2,410,008</u>	<u>15,782,699</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>80,074</u>	<u>(18,141)</u>	<u>(144,736)</u>	<u>(82,803)</u>
Other Financing Sources (Uses)				
Energy Conservation Bonds Issued	0	592,000	0	592,000
Premium on Energy Conservation Bonds Issued	0	21,991	0	21,991
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>613,991</u>	<u>0</u>	<u>613,991</u>
<i>Net Change in Fund Balances</i>	80,074	595,850	(144,736)	531,188
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>(1,362,711)</u>	<u>25,011</u>	<u>914,977</u>	<u>(422,723)</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>(\$1,282,637)</u>	<u>\$620,861</u>	<u>\$770,241</u>	<u>\$108,465</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, 2014*

Net Change in Fund Balances - Total Governmental Funds \$531,188

*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. (1,061,416)

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

Delinquent Property Taxes	75,157	
Intergovernmental	37,362	
	75,157	
Total		112,519

Repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 329,000

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

Energy Conservation Bonds Issued	(592,000)	
Premium on Energy Conservation Bonds Issued	(21,991)	
	(613,991)	
Total		(613,991)

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	(1,473)	
Bond Accretion	(72,809)	
Amortization of Premium on Bonds	14,719	
	(59,563)	
Total		(59,563)

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	(23,010)	
Vacation Benefits Payable	(10,145)	
	(33,155)	
Total		(33,155)

Change in Net Position of Governmental Activities (\$795,418)

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, 2014

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property Taxes	\$1,861,063	\$1,885,067	\$1,885,067	\$0
Intergovernmental	11,376,096	11,522,828	11,522,828	0
Interest	31	31	31	0
Tuition and Fees	24,442	24,757	24,757	0
Contributions and Donations	22,312	22,600	22,600	0
Rentals	7,108	7,200	7,200	0
Miscellaneous	11,808	11,959	11,959	0
<i>Total Revenues</i>	<u>13,302,860</u>	<u>13,474,442</u>	<u>13,474,442</u>	<u>0</u>
Expenditures				
Current:				
Instruction:				
Regular	6,383,615	6,455,313	6,392,976	62,337
Special	1,876,061	1,897,133	1,897,133	0
Vocational	168,679	170,574	162,877	7,697
Student Intervention Services	304,605	308,026	308,026	0
Support Services:				
Pupil	379,302	383,563	383,563	0
Instructional Staff	278,899	282,032	282,032	0
Board of Education	18,179	18,383	18,383	0
Administration	842,665	852,131	852,131	0
Fiscal	348,540	352,455	352,455	0
Operation and Maintenance of Plant	1,783,576	1,803,610	1,803,610	0
Pupil Transportation	430,294	435,127	435,127	0
Central	136,460	137,993	137,993	0
Extracurricular Activities	231,405	234,004	234,004	0
Debt Service:				
Principal Retirement	144,000	144,000	144,000	0
Interest and Fiscal Charges	92,711	92,711	92,711	0
<i>Total Expenditures</i>	<u>13,418,991</u>	<u>13,567,055</u>	<u>13,497,021</u>	<u>70,034</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(116,131)</u>	<u>(92,613)</u>	<u>(22,579)</u>	<u>70,034</u>
Other Financing Sources (Uses)				
Advances In	39,984	39,984	39,984	0
Advances Out	(60,795)	(60,795)	(60,795)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(20,811)</u>	<u>(20,811)</u>	<u>(20,811)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(136,942)	(113,424)	(43,390)	70,034
<i>Fund Balance Beginning of Year</i>	252,350	252,350	252,350	0
Prior Year Encumbrances Appropriated	56,334	56,334	56,334	0
<i>Fund Balance End of Year</i>	<u>\$171,742</u>	<u>\$195,260</u>	<u>\$265,294</u>	<u>\$70,034</u>

See accompanying notes to the basic financial statements

Campbell City School District
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2014

	Private Purpose Trust	
	Endowment	Agency
Assets		
Equity in Pooled Cash and Cash Equivalents	\$40,074	\$51,866
Liabilities		
Due to Students	0	\$51,866
Net Position		
Held in Trust for Scholarships	\$40,074	

See accompanying notes to the basic financial statements

Campbell City School District
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Fiscal Year Ended June 30, 2014

	Endowment
Additions	
Interest	\$38
Miscellaneous	500
<i>Total Additions</i>	538
 Deductions	
Scholarships Awarded	2,000
<i>Change in Net Position</i>	(1,462)
 <i>Net Position Beginning of Year</i>	41,536
 <i>Net Position End of Year</i>	\$40,074

See accompanying notes to the basic financial statements

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Campbell City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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 110 certified employees and 86 classified employees who provide services to 1,302 students and other community members.

Reporting Entity

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

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

The School District is associated with two jointly governed organizations and one shared risk pool. These organizations are the Area Cooperative Computerized Educational Service System Council of Governments, 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 more significant of the School District's accounting policies are described below.

Basis of Presentation

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

Campbell City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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

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

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

Fund Accounting

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

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

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

Building Fund The building fund accounts for and reports bond proceeds that are restricted for construction and capital acquisitions.

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

Campbell City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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

Measurement Focus

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

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

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

Basis of Accounting

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

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

Campbell City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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 Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the School District, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2014, but which were levied to finance fiscal year 2015 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District unavailable revenue includes delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

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, 2014

Budgetary Data

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

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

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

Cash and Cash Equivalents

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

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 2014 amounted to \$31, of which \$26 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.

Campbell City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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. Restricted assets in the general fund are monies required by State statute to be set-aside 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 position but are not reported in the fund financial statements.

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

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

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	15 - 30 years
Buildings and Improvements	40 - 50 years
Furniture, Fixtures and Equipment	5 - 15 years
Vehicles	8 - 10 years

Interfund Balances

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

Compensated Absences

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

Campbell City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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

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

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

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 and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Bonds and capital leases are recognized as a liability on the fund financial statements when due.

Fund Balance

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

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

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

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

Campbell City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Assigned Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. These amounts are assigned by the School District Board of Education.

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

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

Net Position

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

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

Bond Premium

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

Estimates

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

Campbell City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Note 3 – Fund Balances

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

Fund Balances	General	Building	Other Governmental Funds	Total
<i>Nonspendable</i>				
Materials and Supplies Inventory	\$0	\$0	\$1,740	\$1,740
<i>Restricted for</i>				
Food Service Operations	0	0	3,952	3,952
Scholarships	0	0	9,138	9,138
Community Programs	0	0	232	232
Classroom Facilities Maintenance	0	0	407,817	407,817
Athletics	0	0	23,667	23,667
Non-Public Schools	0	0	2,413	2,413
Data and Information Systems	0	0	7,266	7,266
Instructional Services	0	0	350	350
Debt Service Payments	0	0	284,708	284,708
Capital Improvements	0	620,861	167,317	788,178
Entry Year Programs	200	0	0	200
Professional Development	217	0	0	217
Budget Stabilization	80,192	0	0	80,192
<i>Total Restricted</i>	80,609	620,861	906,860	1,608,330
<i>Unassigned (Deficit)</i>	(1,363,246)	0	(138,359)	(1,501,605)
<i>Total Fund Balances (Deficit)</i>	(\$1,282,637)	\$620,861	\$770,241	\$108,465

Campbell City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Note 4 – Fund Deficits

Fund balances at June 30, 2014, included the following individual fund deficits:

General Fund	\$1,282,637
<i>Special Revenue Funds:</i>	
Public Preschool	35,137
Miscellaneous State Grants	25,845
Title VI-B	23,548
Title I	36,404
Reducing Class Size	17,425

Management is currently analyzing the general fund to determine appropriate steps to alleviate the deficit.

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

Note 5 - Budgetary Basis of Accounting

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

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than as restricted, committed or assigned fund balance (GAAP).
4. Advances In and Advances Out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).
5. Budgetary revenues and expenditures of the public school support special revenue fund are classified to the general fund for GAAP reporting.

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

Campbell City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Net Change in Fund Balance

GAAP Basis	\$80,074
Revenue Accruals	53,145
Advance In	39,984
Expenditure Accruals	(114,873)
Advance Out	(60,795)
Perspective Difference:	
Public School Support	1,478
Encumbrances	(42,403)
Budget Basis	<u><u>(\$43,390)</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 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 may 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. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations provided that investments in securities described in this division are made only through eligible institutions;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

Campbell City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

5. Bonds and other obligations of the State of Ohio;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain commercial paper notes and bankers' acceptances for a period not to exceed one hundred eighty days in an amount not to exceed 25 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

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's fiscal year runs from July through June. First-half tax distributions are received by the School District in the second half of the fiscal year. Second-half tax distributions are received in the first half of the following fiscal year.

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenues received in calendar year 2014 represent the collection of calendar year 2013 taxes. Real property taxes received in calendar year 2014 were levied after April 1, 2013, on the assessed value listed as of January 1, 2013, the lien date. Assessed values for real property are established by State law at thirty-five percent of appraised market value. Real property are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenues received in calendar year 2014 represents collections of calendar year 2013 taxes. Public utility real and tangible personal property taxes received in calendar year 2013 became a lien on December 31, 2012, were levied after April 1, 2013, and are collected in 2014 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

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, 2014, are available to finance fiscal year 2014 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property and public utility property taxes which are measurable as of June 30, 2014, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources – property taxes.

Campbell City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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, 2014 or June 30, 2013.

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

The assessed values upon which the fiscal year 2014 taxes were collected are:

	2013 Second Half Collections		2014 First Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$62,898,810	95.53%	\$62,507,120	94.93%
Public Utility Personal	2,940,490	4.47	3,338,890	5.07
Total	\$65,839,300	100.00%	\$65,846,010	100.00%
Full Tax Rate per \$1,000 of assessed valuation	\$41.70		\$41.70	

Note 8 - Receivables

Receivables at June 30, 2014, 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 Grant	\$162,133
Title VI-B Grant	79,027
Early Literacy Reading Grant	32,112
Public Preschool Grant	27,675
State Foundation Adjustment	21,152
Catastrophic Aid Reimbursement	9,186
Youngstown State University	1,248
Total	\$332,533

Campbell City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Note 9 - Contingencies

Grants

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, the effect of any disallowed claims on the overall financial position of the School District at June 30, 2014, if applicable, cannot be determined at this time.

Litigation

The School District is not party to legal proceedings as of June 30, 2014.

Lease

The Board of Education has entered into two "Paid-Up" Oil and Gas Leases with Hilcorp Energy I, L.P. The first lease is effective August 6, 2012 and continues through August 6, 2017. The second lease is effective September 10, 2012 and continues through September 10, 2017. In consideration of the execution of the leases, the School District received bonuses of \$293,646 during fiscal year 2013. The School District has a total of 69.961 acres subject to the lease provisions which call for payments to the lessor, in addition to the bonus, royalties, less all taxes, assessments, and adjustments on production from the leasehold in the amount of 18 percent for oil or gas. As of the date of the financial statements, the value of any potential royalties cannot be determined, and the School District has not received any financial compensation beyond the bonus.

Note 10 - Risk Management

Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2013, 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 2014, the School District was a participant in the Mahoning County School Employees Insurance Consortium (the "Consortium") to provide employee health, dental, vision and prescription drug benefits. The Consortium is administered by Medical Mutual.

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

Campbell City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Effective January 1, 2014, the School District provides full-time employees with 90 percent Board paid hospitalization, prescription drug, dental and vision.

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

Worker's Compensation

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

Note 11 - Other Employee Benefits

Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per year, depending upon length of service and hours worked. The Superintendent and the Treasurer earn 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, certificated and classified employees with ten to fifteen years of service receive payment for fifteen percent of the total sick leave accumulation up to a maximum of thirty-two days. Certificated employees with sixteen years or more of service upon retirement receive payment for twenty-five percent of the total sick leave accumulation, up to a maximum of sixty-two days. Classified employees with sixteen years or more of service upon retirement receive payment for twenty-five percent of the total sick leave accumulation, up to a maximum of sixty days.

Life Insurance Benefits

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

Campbell City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Note 12 – Capital Assets

Capital asset activity for the fiscal year ended June 30, 2014, was as follows:

Governmental Activities	Balance 6/30/2013	Additions	Deductions	Balance 6/30/2014
<i>Capital Assets not being Depreciated:</i>				
Land	\$130,245	\$0	\$0	\$130,245
<i>Capital Assets being Depreciated:</i>				
Land Improvements	1,179,352	0	0	1,179,352
Buildings and Improvements	38,974,483	0	0	38,974,483
Furniture, Fixtures and Equipment	4,791,281	0	0	4,791,281
Vehicles	852,198	0	0	852,198
<i>Total Capital Assets being Depreciated</i>	45,797,314	0	0	45,797,314
<i>Less Accumulated Depreciation:</i>				
Land Improvements	(774,958)	(61,969)	0	(836,927)
Buildings and Improvements	(8,703,411)	(782,335)	0	(9,485,746)
Furniture, Fixtures and Equipment	(3,981,579)	(168,902)	0	(4,150,481)
Vehicles	(623,958)	(48,210)	0	(672,168)
<i>Total Accumulated Depreciation</i>	(14,083,906)	(1,061,416) *	0	(15,145,322)
<i>Total Assets being Depreciated, Net</i>	31,713,408	(1,061,416)	0	30,651,992
<i>Governmental Activities Capital Assets, Net</i>	\$31,843,653	(\$1,061,416)	\$0	\$30,782,237

*Depreciation expense was charged to governmental activities as follows:

Instruction:	
Regular	\$457,338
Special	84,430
Support Services:	
Instructional Staff	39,430
Board of Education	4,813
Administration	38,804
Fiscal	7,261
Operation and Maintenance of Plant	103,453
Pupil Transportation	46,773
Food Service Operation	109,447
Extracurricular Activities	169,667
Total Depreciation Expense	\$1,061,416

Campbell City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Note 13 - Pension Plans

School Employees Retirement System

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2014, the allocation to pension and death benefits was 13.10 percent. The remaining 0.90 percent of the 14 percent employer contribution rate is allocated to the Medicare B and Health Care funds. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2014, 2013 and 2012 were \$297,066, \$300,061 and \$281,212, respectively. For fiscal year 2014, 78.64 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2013 and 2012.

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 system. 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 can 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 multiplied by a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DB Plan and the DC 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 payment or converted to a lifetime monthly annuity at age 50. Benefits are established by Ohio Revised Code Chapter 3307.

Campbell City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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 - Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon the recommendation of its consulting actuary, not to exceed statutory maximum rates of 11 percent for members and 14 percent for employers. The statutory maximum employee contribution rate was increased one percent July 1, 2013, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2014, plan members were required to contribute 11 percent of their annual covered salary. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations.

The School District's required contributions to STRS Ohio for the DB Plan and for the defined benefit portion of the Combined Plan were \$768,732 and \$12,746 for the fiscal year ended June 30, 2014, \$802,460 and \$7,896 for the fiscal year ended June 30, 2013, and \$805,121 and \$7,422 for the fiscal year ended June 30, 2012. For fiscal year 2014, 83.77 percent has been contributed for the DB plan and 83.77 percent has been contributed for the Combined Plan, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2013 and 2012.

Contributions made to STRS Ohio for the DC Plan for fiscal year 2014 were \$11,586 made by the School District and \$9,103 made by the plan members. In addition, member contributions of \$10,015 were made for fiscal year 2014 for the defined contribution portion of the Combined Plan.

Note 14 - Postemployment Benefits

School Employees Retirement System

Plan Description – The School District participates in two cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plans administrated 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, Medicare Advantage, 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 obligation to contribute are established by SERS based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

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 105(e). For fiscal year 2014, 0.14 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 fiscal year 2014, this amount was \$20,250. During fiscal year 2014, the School District paid \$38,880 in surcharge.

Campbell City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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, 2014, 2013 and 2012 were \$42,055, \$35,716 and \$44,418, respectively. For fiscal year 2014, 78.64 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2013 and 2012.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2014, 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, 2014, 2013 and 2012, were \$17,234, \$16,950 and \$16,607, respectively. For fiscal year 2014, 78.64 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2013 and 2012.

State Teachers Retirement System

Plan Description – The School District participates in 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. Ohio law authorizes STRS to offer this plan. 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 can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 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 Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2014, STRS Ohio allocated employer contributions equal to one percent of covered payroll to post-employment health care. The School District's contributions for health care for the fiscal years ended June 30, 2014, 2013 and 2012 were \$59,133, \$61,728 and \$61,932, respectively. For fiscal year 2014, 83.77 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2013 and 2012. The STRS Board voted to discontinue the current one percent allocation to the health care fund effective July 1, 2014.

Note 15 – Capital Leases

In prior years, the School District entered into a capital lease for the construction of a stadium facility. The lease obligation meets the criteria of a capital lease and has been recorded on the government-wide statements. The original amounts capitalized for the capital lease and the book value as of June 30, 2014 follows:

	<u>Amounts</u>
Asset:	
Land Improvements	\$145,171
Buildings and Improvements	2,689,829
Less: Accumulated Depreciation	(626,484)
Current Book Value	\$2,208,516

Campbell City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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

Year ending June 30,	Capital Lease
2015	\$232,664
2016	232,732
2017	232,412
2018	231,677
2019	231,504
2020-2023	918,436
Total Minimum Lease Payments	2,079,425
Less: Amount Representing Interest	(413,425)
Present Value of Minimum Lease Payments	\$1,666,000

Note 16 - 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:			
Capital Appreciation Bonds	10.76%	\$114,000	2013 to 2015
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	2012 to 2015
Energy Conservation Improvement Bonds:			
Current Interest Serial Bonds	1.20% to 1.40%	70,000	2017 to 2018
Capital Appreciation Bonds	38.54%	42,000	2015 to 2016
Current Issue Term Bonds	3.20% to 4.00%	480,000	2019 to 2029

Campbell City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Changes in long-term obligations of the School District during fiscal year 2014 were as follows:

	Principal Outstanding 6/30/13	Additions	Deductions	Principal Outstanding 6/30/14	Amounts Due in One Year
General Obligation Bonds					
2000 OSFC Various Purpose Imp Bonds					
Capital Appreciation Bonds	\$71,964	\$0	(\$37,861)	\$34,103	\$34,103
Accretion on Capital Appreciation Bonds	210,127	21,321	(117,139)	114,309	114,309
Total 2000 Various Purpose Imp Bonds	<u>282,091</u>	<u>21,321</u>	<u>(155,000)</u>	<u>148,412</u>	<u>148,412</u>
2010 Various Purpose Refunding Bonds					
Current Interest Serial Bonds	1,185,000	0	0	1,185,000	0
Capital Appreciation Bonds	125,000	0	0	125,000	0
Accretion on Capital Appreciation Bonds	96,215	41,918	0	138,133	0
Current Interest Term Bonds	65,000	0	(30,000)	35,000	35,000
Premium	130,555	0	(13,864)	116,691	0
Total 2010 Various Purpose Refunding Bonds	<u>1,601,770</u>	<u>41,918</u>	<u>(43,864)</u>	<u>1,599,824</u>	<u>35,000</u>
Energy Conservation Improvement Bonds					
Current Interest Serial Bonds	0	70,000	0	70,000	0
Capital Appreciation Bonds	0	42,000	0	42,000	24,660
Accretion on Capital Appreciation Bonds	0	9,570	0	9,570	5,619
Current Interest Term Bonds	0	480,000	0	480,000	0
Premium	0	21,991	(855)	21,136	0
Total Energy Conservation Improvement Bonds	<u>0</u>	<u>623,561</u>	<u>(855)</u>	<u>622,706</u>	<u>30,279</u>
Total General Obligation Bonds	<u>1,883,861</u>	<u>686,800</u>	<u>(199,719)</u>	<u>2,370,942</u>	<u>213,691</u>
Other Long-Term Obligations					
Capital Lease Payable	1,810,000	0	(144,000)	1,666,000	151,000
Compensated Absences	603,148	279,855	(256,845)	626,158	126,586
Total Other Long-Term Obligations	<u>2,413,148</u>	<u>279,855</u>	<u>(400,845)</u>	<u>2,292,158</u>	<u>277,586</u>
Total Governmental Activities					
Long-Term Liabilities	<u>\$4,297,009</u>	<u>\$966,655</u>	<u>(\$600,564)</u>	<u>\$4,663,100</u>	<u>\$491,277</u>

Compensated absences will be paid from the general fund and the food service, public preschool, title VI-B, title I and reducing class size special revenue funds. Capital leases will be paid from the general fund.

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. The serial bonds were fully retired at June 30, 2011. The final maturity amount of outstanding capital appreciation bonds at June 30, 2014, is \$155,000. The accretion recorded for the capital appreciation bonds for 2014 was \$21,321, for a total outstanding bond liability of \$148,412 at June 30, 2014.

Campbell City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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

The serial, term and capital appreciation bonds remained outstanding at June 30, 2014. The capital appreciation bonds were originally sold at a discount of \$240,000, which is being accreted annually until the point of maturity of the capital appreciation bonds, which is 2016 through 2017.

The maturity amount of outstanding capital appreciation bonds at June 30, 2014 is \$365,000. The accretion recorded for 2014 was \$41,918, for a total outstanding bond liability of \$263,133 at June 30, 2014.

The term bonds maturing on December 1, 2014 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, 2013 in the principal amount of \$30,000. The remaining principal amount of the term bonds (\$35,000) will mature at the stated maturity.

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

The serial, term and capital appreciation bonds remained outstanding at June 30, 2014. The capital appreciation bonds were originally sold at a discount of \$42,000, which is being accreted annually until the point of maturity of the capital appreciation bonds, which is 2015 through 2016.

The maturity amount of outstanding capital appreciation bonds at June 30, 2014 is \$70,000. The accretion recorded for 2014 was \$9,570, for a total outstanding bond liability of \$51,570 at June 30, 2014.

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

Campbell City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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

The School District's overall debt margin was \$4,831,746 with an unvoted debt margin of \$65,846 at June 30, 2014. Principal and interest requirements to retire general obligation bonds are as follows:

	Various Purpose Improvement Bonds					
	Term		Serial		Capital Appreciation	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$35,000	\$298	\$0	\$39,875	\$34,103	\$120,897
2016	0	0	0	39,875	68,771	116,229
2017	0	0	0	39,875	56,229	123,771
2018	0	0	180,000	37,265	0	0
2019	0	0	190,000	31,710	0	0
2020-2023	0	0	815,000	59,807	0	0
Total	\$35,000	\$298	\$1,185,000	\$248,407	\$159,103	\$360,897

	Energy Conservation Improvement Bonds					
	Term		Serial		Capital Appreciation	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$0	\$17,280	\$0	\$910	\$24,660	\$10,340
2016	0	17,280	0	910	17,340	17,660
2017	0	17,280	35,000	700	0	0
2018	0	17,280	35,000	245	0	0
2019	35,000	16,720	0	0	0	0
2020-2024	205,000	64,720	0	0	0	0
2025-2029	240,000	24,600	0	0	0	0
Total	\$480,000	\$175,160	\$70,000	\$2,765	\$42,000	\$28,000

Campbell City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Note 17 - Interfund Balances

The general fund reported an interfund receivable at June 30, 2014 of \$60,795. The other governmental funds had an interfund payable of \$60,795 due to the timing of athletic and grant receipts. All advances are expected to be repaid within one year.

Note 18 - Jointly Governed Organizations

Area Cooperative Computerized Educational Service System Council of Governments

The Area Cooperative Computerized Educational Service System (ACCESS) Council of Governments is a computer network which provides data services to twenty-three school districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. Each of the governments of these schools supports ACCESS based upon a per pupil charge before any e-rate credits, which was \$44.75 for fiscal year 2014. The School District paid \$17,358 to ACCESS during fiscal year 2014. ACCESS is governed by an assembly consisting of the superintendents or other designees of the member school districts. The assembly exercises total control over the operation of ACCESS including budgeting, appropriating, contracting and designating management. The degree of control exercised by any participating school district is limited to its representation on the Board. All of ACCESS revenues are generated from charges for services and State funding. Financial information can be obtained by contacting the Treasurer at the Mahoning County Educational Service Center, who serves as fiscal agent, at 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. The degree of control exercised by any participating school district is limited to its representation on the Board. The School District did not contribute any amounts to the Mahoning County Career and Technical Center during fiscal year 2014. To obtain financial information, write to the Treasurer of the Career and Technical Center at 7300 North Palmyra Road, Canfield, Ohio 44406.

Note 19 – Shared Risk Pool

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

Campbell City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Note 20 - Set-Aside Calculations

The School District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at year end and carried forward to be used for the same purposes in future years. In prior years, the School District was also required to set aside money for budget stabilization. At June 30, 2014, 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 capital acquisition and budget stabilization. Disclosure of this information is required by State statute.

	Capital Improvements	Budget Stabilization
Set-Aside Balance as of June 30, 2013	(\$1,404,381)	\$80,192
Current Year Set-aside Requirement	206,695	0
Qualifying Disbursements	(94,122)	0
Total	(\$1,291,808)	\$80,192
Set-aside Balance Carried Forward to Future Fiscal Years	(\$1,291,808)	\$80,192
Set-Aside Balance as of June 30, 2014	\$0	\$80,192

The School District had a negative carryover balance and qualifying disbursements during the fiscal year that reduced the capital acquisition set-asides below zero. The negative balance being carried forward in the capital acquisition set-aside represents the still outstanding balance on the School District's Ohio Schools Facilities Commission bonds. The total restricted for set-asides at the end of the fiscal year was \$80,192.

Note 21 – Encumbrances

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

General Fund	\$42,403
Other Governmental Funds	136,292
Total	\$178,695

Note 22 – Subsequent Event

On November 4, 2014, the citizens of Campbell 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 14.4 mills.

**CAMPBELL CITY SCHOOL DISTRICT
MAHONING COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2014**

Federal Grantor/ Pass Through Grantor Program Title	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>					
<i>Nutrition Cluster:</i>					
<i>Non-Cash Assistance (Food Distribution):</i>					
National School Lunch Program	10.555		\$8,947		\$8,947
<i>Cash Assistance:</i>					
National School Breakfast Program	10.553	\$93,702		\$93,702	
National School Lunch Program	10.555	349,389		349,389	
<i>Total Nutrition Cluster</i>		<u>443,091</u>	<u>8,947</u>	<u>443,091</u>	<u>8,947</u>
Fresh Fruit and Veggies Program - 2013	10.582	6,192		6,192	
		6,192		6,192	
TOTAL U.S. DEPARTMENT OF AGRICULTURE		<u>449,283</u>	<u>8,947</u>	<u>449,283</u>	<u>8,947</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>					
<i>Passed Through Ohio Department of Education:</i>					
<i>Title I, Part A Cluster</i>					
Title I Grants to Local Educational Agencies - 2013	84.010	168,140		162,089	
Title I Grants to Local Educational Agencies - 2014	84.010	517,408		475,278	
<i>Total Title I Grants to Local Educational Agencies</i>		<u>685,548</u>		<u>637,367</u>	
<i>Special Education Cluster (IDEA)</i>					
Special Education Grants to States - 2013	84.027	60,342		48,996	
Special Education Grants to States - 2014	84.027	227,057		232,595	
<i>Total Special Education Grants to States</i>		<u>287,399</u>		<u>281,591</u>	
<i>Improving Teacher Quality State Grants Title II, Part A</i>					
Improving Teacher Quality State Grants - 2013	84.367	18,273		18,273	
Improving Teacher Quality State Grants - 2014	84.367	96,075		93,446	
<i>Total Improving Teacher Quality State Grants</i>		<u>114,348</u>		<u>111,719</u>	
<i>ARRA - Race-to-the-Top, Incentive Grants - 2014</i>					
ARRA - Race-to-the-Top, Incentive Grants - 2014	84.395	1,750		1,750	
<i>Total ARRA - Race-to-the-Top, Incentive Grants</i>		<u>1,750</u>		<u>1,750</u>	
TOTAL U.S. DEPARTMENT OF EDUCATION		<u>1,089,045</u>		<u>1,032,427</u>	
TOTALS		<u>\$1,538,328</u>	<u>\$8,947</u>	<u>\$1,481,710</u>	<u>\$8,947</u>

The accompanying notes to this schedule are an integral part of this schedule.

**CAMPBELL CITY SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FISCAL YEAR ENDED JUNE 30, 2014**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Receipts and Expenditures (the "Schedule") reports the Campbell City School District's (the "District's") federal award programs' receipts and expenditures. 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 entitlement value. The District allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities.

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Dave Yost • Auditor of State

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

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

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Campbell City School District, Mahoning County, (the District) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 18, 2015.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Dave Yost
Auditor of State
Columbus, Ohio

February 18, 2015



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

To the Board of Education:

Report on Compliance for Each Major Federal Program

We have audited the Campbell City School District's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the Campbell City School District's major federal programs for the year ended June 30, 2014. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal programs.

Management's Responsibility

The District's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the District's compliance for each of the District's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the Campbell City School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

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

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

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.

Dave Yost
Auditor of State
Columbus, Ohio

February 18, 2015

**CAMPBELL CITY SCHOOL DISTRICT
MAHONING COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2014**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Special Education Cluster (CFDA's # 84.027) Title I (CFDA # 84.010)
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	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

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**CAMPBELL CITY SCHOOL DISTRICT
MAHONING COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
JUNE 30, 2014**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2013-001	Students were excluded from the District's Annual Report Card. This was reported as a federal finding and also as a GAGAS noncompliance comment, see finding 2013-002 below.	Yes	
2013-002	Students were excluded from the District's Annual Report Card. This was reported as a federal finding.	Yes	
2013-003	Five out of twenty student records tested did not include the proper documentation to justify why the student was removed from the District's graduation cohort rate.	Yes	