

**CITY OF CAMPBELL  
MAHONING COUNTY, OHIO**

**AUDIT REPORT**

**FOR THE YEAR ENDED  
DECEMBER 31, 2015**

***James G. Zupka, CPA, Inc.***  
**Certified Public Accountants**





# Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the City of Campbell, Mahoning County, prepared by James G. Zupka, CPA, Inc., for the audit period January 1, 2015 to December 31, 2015. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The City of Campbell is responsible for compliance with these laws and regulations.

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

Dave Yost  
Auditor of State

October 3, 2016

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**CITY OF CAMPBELL  
MAHONING COUNTY, OHIO  
AUDIT REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2015**

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**JAMES G. ZUPKA, C.P.A., INC.**

*Certified Public Accountants  
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Garfield Hts., Ohio 44125*

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**INDEPENDENT AUDITOR'S REPORT**

To the Members of City Council  
City of Campbell  
Campbell, Ohio

The Honorable Dave Yost  
Auditor of State  
State of Ohio

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Campbell, Mahoning County, Ohio, (City) as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Campbell, Mahoning County, Ohio, as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund, Street Construction, Maintenance and Repair Fund and Industrial Light Grant Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As described in Note 19 to the basic financial statements, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, and restated its net position at December 31, 2014 for governmental and business-type activities. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

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

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 26, 2016, on our consideration of the City of Campbell, Ohio's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion 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 City of Campbell, Ohio's internal control over financial reporting and compliance.



James G. Zupka, CPA, Inc.  
Certified Public Accountants

July 26, 2016

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**City of Campbell**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2015*  
*Unaudited*

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The discussion and analysis of the City of Campbell's financial performance provides an overall review of the City's financial activities for the year ended December 31, 2015. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers are encouraged to consider information presented here in conjunction with the additional information contained in the basic financial statements to enhance their understanding of the City's financial performance.

### **Financial Highlights**

Financial highlights for 2015 are as follows:

- The City of Campbell utilized the services of the Regional Income Tax Agency (R.I.T.A.) during 2015. R.I.T.A. has administered and collected the City's income taxes since January 1, 2005. As a result, income tax collections for the City's general fund are remaining consistent with the prior year; due in part to accelerated collections of delinquencies, collecting from prior non-filers, and enforcing payment of quarterly estimated taxes by individuals.
- Total governmental capital assets decreased due to an additional year of depreciation expense which was slightly offset by the purchase of a new dump truck and two police chargers. The business-type activities capital assets decreased due to an additional year of depreciation expense.
- The City implemented GASB 68 and GASB 71, which establish standards for measuring and recognizing pension liabilities, deferred outflows/inflows of resources and expense/expenditure. The implementation of these GASB statements resulted in a significant change to the financial statements presentation of the City. The City has reported these liabilities to comply with the requirements of GASB 68 and 71.
- Major Grants: The major grants received by the City are the Industrial Light Grant, CDBG, CHIP and Small Cities Formula Allocation Grants.

### **Using this Annual Financial Report**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the readers can understand the City of Campbell as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Position and Statement of Activities provide information about the activities of the whole City, presenting both an aggregate view of the City's financial and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the City's most significant funds with all other nonmajor funds presented in total in one column.

### **Reporting on the City of Campbell as a Whole**

While this document contains the large number of funds used by the City to provide programs and activities, the view of the City as a whole looks at all financial transactions and asks the question, "How did we do financially during 2015?" The Statement of Net Position and the Statement of Activities answer this question.

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These statements include all *assets* and *deferred outflows of resources* and *liabilities* and *deferred inflows of resources* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the City's *net position* and changes in net position. This change in net position is important because it tells the reader that, for the City as a whole, the *financial position* of the City has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the County's tax base, current property tax laws in Ohio restricting revenue growth and other factors.

In the Statement of Net Position and the Statement of Activities, the City is divided into two distinct kinds of activities:

**Governmental Activities** – Most of the City's programs and services are reported here including general government, security of persons and property, transportation, community development and leisure time activities. These services are funded primarily by taxes and intergovernmental revenues including Federal and State grants and other shared revenues.

**Business-Type Activities** – These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided.

### **Reporting on the Most Significant Funds of the City of Campbell**

***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 objective. The City, like other State and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Fund financial reports provide detailed information about the City's major funds. The City uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the City's most significant funds. The City's major governmental funds are the general fund, the street construction, maintenance and repair and the industrial light grant special revenue funds and the infrastructure and equipment capital projects fund.

***Governmental Funds*** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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The City maintains a multitude of individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances for the major funds, which were identified earlier. Data from the other governmental funds are combined into a single, aggregated presentation.

**Proprietary Funds** Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City's major enterprise funds are the water and storm water management funds.

**Fiduciary Funds** Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City's fiduciary funds are agency funds.

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

**The City of Campbell as a Whole**

The Statement of Net Position provides an overall view of the City. Table 1 shows a summary of the City's net position for 2015 as they compare to 2014.

(Table 1)  
*Net Position*

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
<b>Assets</b>						
Current and Other Assets	\$5,416,689	\$6,044,694	\$1,339,499	\$1,140,672	6,756,188	\$7,185,366
Capital Assets, Net	2,614,915	2,768,825	4,817,096	4,995,483	7,432,011	7,764,308
<i>Total Assets</i>	<u>8,031,604</u>	<u>8,813,519</u>	<u>6,156,595</u>	<u>6,136,155</u>	<u>14,188,199</u>	<u>14,949,674</u>
<b>Deferred Outflows of Resources</b>						
Pension	423,331	271,423	97,716	67,135	521,047	338,558
<b>Liabilities</b>						
Current Liabilities	352,300	1,221,095	60,504	101,618	412,804	1,322,713
Long-term Liabilities						
Due within one Year	123,150	116,337	155,543	148,729	278,693	265,066
Due in More than one Year						
Net Pension Liability	3,090,238	2,924,966	550,407	537,975	3,640,645	3,462,941
Other Amounts	684,668	714,595	1,342,634	1,492,934	2,027,302	2,207,529
<i>Total Liabilities</i>	<u>\$4,250,356</u>	<u>\$4,976,993</u>	<u>\$2,109,088</u>	<u>\$2,281,256</u>	<u>\$6,359,444</u>	<u>\$7,258,249</u>

**City of Campbell**  
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(Table 1)  
*Net Position (continued)*

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
<b>Deferred Inflows of Resources</b>						
Property Taxes	\$834,837	\$656,933	\$0	\$0	\$834,837	\$656,933
Pension	9,290	0	9,669	0	18,959	0
<i>Total Deferred Inflows of Resources</i>	<u>844,127</u>	<u>656,933</u>	<u>9,669</u>	<u>0</u>	<u>853,796</u>	<u>656,933</u>
<b>Net Position</b>						
Net Investment in Capital Assets	2,609,201	2,760,312	3,369,514	3,404,096	5,978,715	6,164,408
Restricted for:						
Capital Projects	184,202	166,676	0	0	184,202	166,676
Safety Forces	108,225	153,521	0	0	108,225	153,521
Streets	808,974	206,936	0	0	808,974	206,936
Parks	153,589	569,385	0	0	153,589	569,385
Other Purposes	827,897	643,358	0	0	827,897	643,358
Unrestricted (Deficit)	(1,331,636)	(1,049,172)	766,040	517,938	(565,596)	(531,234)
<i>Total Net Position</i>	<u>\$3,360,452</u>	<u>\$3,451,016</u>	<u>\$4,135,554</u>	<u>\$3,922,034</u>	<u>\$7,496,006</u>	<u>\$7,373,050</u>

During 2015, the City adopted GASB Statement 68, “Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27,” which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City’s actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

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

Under the new standards required by GASB 68, the net pension liability equals the City’s proportionate share of each plan’s collective:

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

GASB notes that pension obligations, whether funded or unfunded, are part of the “employment exchange” – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the City is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer’s promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to

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the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

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

As a result of implementing GASB 68, the City is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting. This implementation had the effect of restating net position at December 31, 2014, from \$6,104,559 to \$3,451,016 for governmental activities and from \$4,392,874 to \$3,922,034 for business-type activities.

By comparing assets and deferred outflows of resources and liabilities and deferred inflows of resources, one can see the overall position of the City has increased over the prior year as evidenced by the increase in net position for governmental and business-type activities combined.

The decrease in governmental net position can be attributed to expenses outpacing revenues. The decrease in current and other assets is due to a decrease in accounts, intergovernmental and income tax receivables. Current liabilities decreased compared to the prior year due to decreases in accounts and intergovernmental payables and accrued wages.

The net position for business-type activities increased from 2014. The increase in business-type net position can be attributed to the increase in current assets coupled with the decrease in liabilities offset by current year depreciation on capital assets. Current assets increased due to increases in accounts and intergovernmental receivables. Liabilities decreased due to decreases in accounts and intergovernmental payables, accrued wages and interest payable as well as another year of debt payments made by the City.

Management continues to diligently plan expenses, staying carefully within the City's revenues in an effort to maintain excellent levels of service within the constraints of the budget.

In order to further understand what makes up the changes in net position for the current year, the following table gives readers further details regarding the results of activities for the current year. Table 2 shows total revenues, expenses and changes in net position for fiscal years 2015 and 2014.

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(Table 2)  
*Changes in Net Position*

	Governmental Activities		Business-Type Activities		Totals	
	2015	2014	2015	2014	2015	2014
<b>Program Revenues</b>						
Charges for Services and Assessments	\$906,414	\$890,326	\$1,922,804	\$1,631,942	\$2,829,218	\$2,522,268
Operating Grants and Contributions	1,314,653	1,426,247	0	5,060	1,314,653	1,431,307
Capital Grants	2,977	434,788	0	0	2,977	434,788
<i>Total Program Revenues</i>	<u>2,224,044</u>	<u>2,751,361</u>	<u>1,922,804</u>	<u>1,637,002</u>	<u>4,146,848</u>	<u>4,388,363</u>
<b>General Revenues</b>						
Property Taxes	649,582	646,728	0	0	649,582	646,728
Municipal Income Tax	1,586,343	1,793,170	0	0	1,586,343	1,793,170
Grants and Entitlements not Restricted to Specific Programs	270,744	413,553	0	0	270,744	413,553
Interest	3,535	2,671	0	0	3,535	2,671
Other	502,970	353,029	25,148	0	528,118	353,029
<i>Total General Revenues</i>	<u>3,013,174</u>	<u>3,209,151</u>	<u>25,148</u>	<u>0</u>	<u>3,038,322</u>	<u>3,209,151</u>
<i>Total Revenues</i>	<u>5,237,218</u>	<u>5,960,512</u>	<u>1,947,952</u>	<u>1,637,002</u>	<u>7,185,170</u>	<u>7,597,514</u>
<b>Program Expenses</b>						
General Government	1,616,576	1,442,603	0	0	1,616,576	1,442,603
Security of Persons and Property:						
Police	1,939,881	1,803,047	0	0	1,939,881	1,803,047
Fire	582,916	550,069	0	0	582,916	550,069
Transportation	387,579	975,517	0	0	387,579	975,517
Community Environment	540,695	833,786	0	0	540,695	833,786
Leisure Time Activities	235,000	199,699	0	0	235,000	199,699
Interest and Fiscal Charges	25,135	21,399	0	0	25,135	21,399
Water	0	0	1,641,478	1,621,602	1,641,478	1,621,602
Storm Water Management	0	0	92,954	52,927	92,954	52,927
<i>Total Program Expenses</i>	<u>5,327,782</u>	<u>5,826,120</u>	<u>1,734,432</u>	<u>1,674,529</u>	<u>7,062,214</u>	<u>7,500,649</u>
Transfers	0	(3,123)	0	3,123	0	0
<i>Change in Net Position</i>	<u>(90,564)</u>	<u>131,269</u>	<u>213,520</u>	<u>(34,404)</u>	<u>122,956</u>	<u>96,865</u>
Net Position Beginning of Year	3,451,016	N/A	3,922,034	N/A	7,373,050	N/A
Net Position End of the Year	<u>\$3,360,452</u>	<u>\$3,451,016</u>	<u>\$4,135,554</u>	<u>\$3,922,034</u>	<u>\$7,496,006</u>	<u>\$7,373,050</u>

The information necessary to restate the 2014 beginning balances and the 2014 pension expense amounts for the effects of the initial implementation of GASB 68 is not available. Therefore, 2014 functional expenses still include pension expense of \$338,558 computed under GASB 27. GASB 27 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 68, pension expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of pension expense. Under GASB 68, the 2015 statements report pension expense of \$367,242. Consequently, in order to compare 2015 total program expenses to 2014, the following adjustments are needed:

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	Governmental Activities	Business-type Activities	Total
Total 2015 program expenses under GASB 68	\$5,327,782	\$1,734,432	\$7,062,214
Pension expense under GASB 68	(307,374)	(59,868)	(367,242)
2015 contractually required contribution	284,720	68,348	353,068
Adjusted 2015 program expenses	5,305,128	1,742,912	7,048,040
Total 2014 program expenses under GASB 27	5,826,120	1,674,529	7,500,649
Increase/(Decrease) in program expenses not related to pension	(\$520,992)	\$68,383	(\$452,609)

**Governmental Activities**

Funding for governmental activities is derived from several sources, the largest of which is the City's municipal income tax. For 2015, annual income tax receipts were more than half of all general revenues at 53 percent. The City's income tax rate is currently 2.5 percent. Residents of the City who work in another community receive a 100 percent credit on income earned outside the City and paid to another municipality.

General revenues from grants and entitlements, such as local government funds, are also revenue generators. The City monitors its source of revenues very closely for fluctuations. Local government funding has slowly been reduced for the past several years and is anticipated to be stagnant in the future. This is a direct result of the planned State budget reduction. Investment earnings and miscellaneous receipts are insignificant and are somewhat unpredictable revenue sources. Other revenue included the fourth year of recognition of a portion of the oil and gas lease payment the City recorded as a receivable in the prior year. The oil and gas lease covers a five year period so the City will recognize a portion of the payment over the five years as it is earned.

Program revenues represent less than half of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money, fine money allocated to and restricted for use by the municipal court and grant money restricted by the State and Federal granting agencies.

Expenses for general government represent the overhead costs of running the City and the support services provided for the other governmental activities. These include the costs of council, the mayor, administration, law, finance (income tax, central cash, accounts payable, and payroll), and the Municipal Court.

Security of persons and property are the costs of police and fire protection; transportation is the cost of maintaining the roads; community environment represents expenses for private residential rehab and other activities through the CHIP program, and other activities which include road paving under the Small Cities Formula Allocation Program, both of which are funded with Federal Community Development Block Grants; leisure time activities are the costs of maintaining the parks and playing fields.

A separate five-year, three mills Safety Forces Levy provides approximately \$200,000 net of County Auditor and Treasurer's fees annually, allocated \$100,000 each to offset salaries from the Police and Fire Departments.

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*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2015*  
*Unaudited*

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**Business-Type Activities**

The City operates two business-type activities, the water treatment and storm water management. These two activities received charges for services of \$1,780,299 from water and \$142,505 from storm water management. The largest sources of revenue for both water and storm water in 2015 were charges for services. Water and storm water management expenses for 2015 amounted to \$1,641,478 and \$92,954, respectively. Payroll and employees benefits are the largest expense for the water fund.

**The City's Funds**

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year. Information about the City's governmental funds begins with the balance sheet. The funds are accounted for using the modified accrual method of accounting.

As of the end of 2015, the City of Campbell's governmental funds reported a positive combined ending fund balance. The City's major governmental funds are the general fund, street construction, maintenance and repair and industrial light grant special revenue funds and the infrastructure and equipment capital projects fund. Revenues were less than expenditures for the year in the general fund due to decreases in income taxes, fines, licenses and permits and intergovernmental revenues as well as increases in police and fire security of persons and property expenses. The assessed values upon which 2015 property tax receipts are based on stayed relatively consistent when compared to the prior year. The street construction, maintenance and repair special revenue fund had an increase in fund balance due to a decrease in street maintenance spending. The industrial light grant special revenue fund had an increase in fund balance resulting from revenues plus transfers in exceeding current year expenditures. The infrastructure and equipment capital projects fund had an increase in fund balance during the year due to intergovernmental revenue increasing and a decrease in capital outlay expenditures when compared to the prior year. During the current year, the City purchased a new dump truck and two police chargers.

Proprietary funds are accounted for on an accrual basis.

Enterprise funds are handled in the same manner as governmental funds, with the intent to ensure the strength of these funds. These funds had total operating revenue of \$1,947,952 and total operating expenses of \$1,666,924. If expenses were to exceed revenue and dramatically affect net position, the City has the power to increase revenue through water rate increases.

**General Fund Budgeting Highlights**

Budgeting for the operations of the City is done as prescribed by Ohio Revised Code. Essentially the budget is the City's appropriations, which is restricted by the amounts of the anticipated revenues certified by the Budget Commission in accordance with Ohio Revised Code. In 2015, actual revenues for the general fund were more than final estimated revenues due to over all revenues coming in higher than expected for the year. City Council's actual expenditures were less than final appropriations in total but police costs were higher due to unexpected costs occurring near year end.

The original revenue and expenditure budget is designed to be very conservative requiring additional spending requests to be approved by Council throughout the year. During the course of 2015, the City amended its general fund budget numerous times, in response to conservative revenue projections being surpassed.

**City of Campbell**  
*Management's Discussion and Analysis*  
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*Unaudited*

**Capital Assets and Debt Administration**

***Capital Assets***

Total capital assets for the governmental activities, net of accumulated depreciation decreased. This decrease is due to an additional year of accumulated depreciation being taken, which was slightly offset by the purchase of a new dump truck for the street department and two police chargers.

Total capital assets for the business-type activities, net of accumulated depreciation slightly decreased due to an additional year of accumulated depreciation being taken. See Note 10 to the basic financial statements for additional information on capital assets.

(Table 3)  
*Capital Assets at December 31*  
*(Net of Accumulated Depreciation)*

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$755,800	\$755,800	\$34,280	\$34,280	\$790,080	\$790,080
Land Improvements	327,992	342,295	1,747	2,567	329,739	344,862
Buildings	215,594	229,281	862,836	910,089	1,078,430	1,139,370
Machinery and Equipment	88,059	101,214	241,686	266,726	329,745	367,940
Vehicles	736,567	838,660	4,547	7,821	741,114	846,481
Infrastructure	490,903	501,575	3,672,000	3,774,000	4,162,903	4,275,575
Total Capital Assets	<u>\$2,614,915</u>	<u>\$2,768,825</u>	<u>\$4,817,096</u>	<u>\$4,995,483</u>	<u>\$7,432,011</u>	<u>\$7,764,308</u>

**Long-term Obligations**

The long-term obligations include net pension liability, police and fire pension payments, OPWC and OWDA loans, capital leases and compensated absences.

(Table 4)  
*Outstanding Long-term Obligations at Year End*

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
OPWC Loans	\$0	\$0	\$278,321	\$323,865	\$278,321	\$323,865
OWDA Loans	0	0	1,169,261	1,267,522	1,169,261	1,267,522
Net Pension Liability	3,090,238	2,924,966	550,407	537,975	3,640,645	3,462,941
Police and Fire Pension Loan	466,413	481,581	0	0	466,413	481,581
Jail Services Liability	46,847	58,847	0	0	46,847	58,847
Capital Leases	5,714	8,513	0	0	5,714	8,513
Compensated Absences	288,844	281,991	50,595	50,276	339,439	332,267
Total	<u>\$3,898,056</u>	<u>\$3,755,898</u>	<u>\$2,048,584</u>	<u>\$2,179,638</u>	<u>\$5,946,640</u>	<u>\$5,935,536</u>

For the business-type funds, the debt was issued for the water system improvements and a water storage tank replacement.

Police and Fire Pension accrued liability payments are funded by two separate allocations of .3 mills inside millage, which generates approximately \$42,000 annually.

**City of Campbell**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2015*  
*Unaudited*

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The Jail Services liability is the amount owed to Mahoning County for housing some of the City's prisoners.

In prior years, the City entered into a capital lease agreement for a new telephone system.

The City of Campbell's overall legal debt margin was \$6,902,158 on December 31, 2015. For more information about the City's long-term obligations, see Note 13 to the basic financial statements.

**Current Financial Issues**

The City voters passed a renewal of a five year 3.5 mill current expense tax levy on November 2, 2013. This levy generates additional revenue to help the City with its current financial responsibilities.

The City is encouraging development of the land located in former steel mill property once the property has been environmentally cleared. A grant has been obtained for Brownfield restoration and environmental studies.

The challenge for the City is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. The City relies heavily on local taxes and has very little industry to support the tax base. Faced with declining revenues, increased costs for goods and services, primarily energy costs, the City is attempting to hold down on expenditures wherever possible, and keep personnel costs in check.

**Contacting the City of Campbell's Financial Management**

This financial report is designed to provide our citizen's, taxpayers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact Dr. Michael Evanson, Director of Finance, 351 Tenney Avenue, Campbell, Ohio 44405, telephone 330-755-9863.

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**City of Campbell, Ohio**

*Statement of Net Position*

*December 31, 2015*

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$2,401,523	\$1,259,911	\$3,661,434
Accounts Receivable	38,235	251,047	289,282
Internal Balances	176,685	(176,685)	0
Intergovernmental Receivable	509,686	5,226	514,912
Property Taxes Receivable	1,175,758	0	1,175,758
Income Taxes Receivable	1,105,526	0	1,105,526
Materials and Supplies Inventory	9,276	0	9,276
Nondepreciable Capital Assets	755,800	34,280	790,080
Depreciable Capital Assets, Net	1,859,115	4,782,816	6,641,931
<i>Total Assets</i>	<u>8,031,604</u>	<u>6,156,595</u>	<u>14,188,199</u>
<b>Deferred Outflow of Resources</b>			
Pension	423,331	97,716	521,047
<b>Liabilities</b>			
Accounts Payable	12,855	7,137	19,992
Accrued Wages	26,220	7,331	33,551
Intergovernmental Payable	51,488	13,648	65,136
Accrued Interest Payable	1,651	32,388	34,039
Unearned Revenue	260,086	0	260,086
Long-Term Liabilities:			
Due Within One Year	123,150	155,543	278,693
Due In More Than One Year			
Net Pension Liability (See Note 15)	3,090,238	550,407	3,640,645
Other Amounts	684,668	1,342,634	2,027,302
<i>Total Liabilities</i>	<u>4,250,356</u>	<u>2,109,088</u>	<u>6,359,444</u>
<b>Deferred Inflows of Resources</b>			
Property Taxes	834,837	0	834,837
Pension	9,290	9,669	18,959
<i>Total Deferred Inflows of Resources</i>	<u>844,127</u>	<u>9,669</u>	<u>853,796</u>
<b>Net Position</b>			
Net Investment in Capital Assets	2,609,201	3,369,514	5,978,715
Restricted for:			
Capital Projects	184,202	0	184,202
Safety Forces	108,225	0	108,225
Streets	808,974	0	808,974
Parks	153,589	0	153,589
Other Purposes	827,897	0	827,897
Unrestricted (Deficit)	(1,331,636)	766,040	(565,596)
<i>Total Net Position</i>	<u>\$3,360,452</u>	<u>\$4,135,554</u>	<u>\$7,496,006</u>

See accompanying notes to the basic financial statements

**City of Campbell, Ohio**  
*Statement of Activities*  
For the Year Ended December 31, 2015

	Program Revenues			
	Expenses	Charges for Services and Assessments	Operating Grants and Contributions	Capital Grants
<b>Governmental Activities:</b>				
General Government	\$1,616,576	\$369,448	\$0	\$0
Security of Persons and Property:				
Police	1,939,881	446,287	236,640	0
Fire	582,916	79,573	27,858	0
Transportation	387,579	0	441,473	0
Community Environment	540,695	0	608,682	0
Leisure Time Activities	235,000	11,106	0	2,977
Interest and Fiscal Charges	25,135	0	0	0
<i>Total Governmental Activities</i>	<u>5,327,782</u>	<u>906,414</u>	<u>1,314,653</u>	<u>2,977</u>
<b>Business-Type Activities:</b>				
Water	1,641,478	1,780,299	0	0
Storm Water Management	92,954	142,505	0	0
<i>Total Business-Type Activities</i>	<u>1,734,432</u>	<u>1,922,804</u>	<u>0</u>	<u>0</u>
<i>Total</i>	<u>\$7,062,214</u>	<u>\$2,829,218</u>	<u>\$1,314,653</u>	<u>\$2,977</u>

**General Revenues**

Property Taxes Levied for:

    General Purposes

    Street

    Police

    Fire

Municipal Income Taxes Levied for:

    General Purposes

    Park

Grants and Entitlements not Restricted  
to Specific Programs

Interest

Other

*Total General Revenues*

Change in Net Position

*Net Position Beginning of Year - Restated (See Note 19)*

*Net Position End of Year*

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
(\$1,247,128)	\$0	(\$1,247,128)
(1,256,954)	0	(1,256,954)
(475,485)	0	(475,485)
53,894	0	53,894
67,987	0	67,987
(220,917)	0	(220,917)
(25,135)	0	(25,135)
(3,103,738)	0	(3,103,738)
0	138,821	138,821
0	49,551	49,551
0	188,372	188,372
(3,103,738)	188,372	(2,915,366)
312,783	0	312,783
153,090	0	153,090
81,139	0	81,139
102,570	0	102,570
1,427,709	0	1,427,709
158,634	0	158,634
270,744	0	270,744
3,535	0	3,535
502,970	25,148	528,118
3,013,174	25,148	3,038,322
(90,564)	213,520	122,956
3,451,016	3,922,034	7,373,050
<u>\$3,360,452</u>	<u>\$4,135,554</u>	<u>\$7,496,006</u>

**City of Campbell, Ohio**

*Balance Sheet*

*Governmental Funds*

*December 31, 2015*

	General	Street Construction, Maintenance and Repair	Industrial Light Grant	Infrastructure and Equipment	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Equity in Pooled Cash and Cash Equivalents	\$507,753	\$315,690	\$12,198	\$435,784	\$1,113,014	\$2,384,439
Receivables:						
Property Taxes	564,736	277,737	0	0	333,285	1,175,758
Income Taxes	994,973	0	0	0	110,553	1,105,526
Accounts	31,415	0	0	0	6,820	38,235
Intergovernmental	140,072	170,261	112,166	0	87,187	509,686
Interfund Receivable	505,505	0	0	0	0	505,505
Materials and Supplies Inventory	0	9,276	0	0	0	9,276
Restricted Assets:						
Equity in Pooled Cash and Cash Equivalents	17,084	0	0	0	0	17,084
<b>Total Assets</b>	<b>\$2,761,538</b>	<b>\$772,964</b>	<b>\$124,364</b>	<b>\$435,784</b>	<b>\$1,650,859</b>	<b>\$5,745,509</b>
<b>Liabilities</b>						
Accounts Payable	\$10,882	\$1,252	\$0	\$0	\$721	\$12,855
Accrued Wages	21,371	1,871	0	0	2,978	26,220
Intergovernmental Payable	46,143	3,365	0	0	1,980	51,488
Interfund Payable	0	0	183,794	0	145,026	328,820
Unearned Revenue	6,650	1,199	0	252,237	0	260,086
<b>Total Liabilities</b>	<b>85,046</b>	<b>7,687</b>	<b>183,794</b>	<b>252,237</b>	<b>150,705</b>	<b>679,469</b>
<b>Deferred Inflows of Resources</b>						
Property Taxes	400,987	197,205	0	0	236,645	834,837
Unavailable Revenue	1,158,955	205,350	112,166	0	260,168	1,736,639
<b>Total Deferred Inflows of Resources</b>	<b>1,559,942</b>	<b>402,555</b>	<b>112,166</b>	<b>0</b>	<b>496,813</b>	<b>2,571,476</b>
<b>Fund Balances</b>						
Nonspendable	17,084	9,276	0	0	0	26,360
Restricted	0	353,446	0	183,547	1,110,035	1,647,028
Committed	0	0	0	0	5,336	5,336
Assigned	378,596	0	0	0	0	378,596
Unassigned (Deficit)	720,870	0	(171,596)	0	(112,030)	437,244
<b>Total Fund Balances</b>	<b>1,116,550</b>	<b>362,722</b>	<b>(171,596)</b>	<b>183,547</b>	<b>1,003,341</b>	<b>2,494,564</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$2,761,538</b>	<b>\$772,964</b>	<b>\$124,364</b>	<b>\$435,784</b>	<b>\$1,650,859</b>	<b>\$5,745,509</b>

See accompanying notes to the basic financial statements

**City of Campbell, Ohio**  
*Reconciliation of Total Governmental Fund Balances to  
 Net Position of Governmental Activities  
 December 31, 2015*

<b>Total Governmental Fund Balances</b>	\$2,494,564
 <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.	2,614,915
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	340,921
Income Taxes	996,740
Intergovernmental	<u>398,978</u>
Total	1,736,639
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	(1,651)
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds:	
Deferred Outflows - Pension	423,331
Deferred Inflows - Pension	(9,290)
Net Pension Liability	<u>(3,090,238)</u>
Total	(2,676,197)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Police and Fire Pension Loan	(466,413)
Jail Services Liability	(46,847)
Capital Leases	(5,714)
Compensated Absences	<u>(288,844)</u>
Total	<u>(807,818)</u>
<i>Net Position of Governmental Activities</i>	<u><u>\$3,360,452</u></u>

See accompanying notes to the basic financial statements

**City of Campbell, Ohio**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2015*

	General	Street Construction, Maintenance and Repair	Industrial Light Grant	Infrastructure and Equipment	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>						
Property Taxes	\$303,252	\$148,401	\$0	\$0	\$178,084	\$629,737
Municipal Income Taxes	1,551,166	0	0	0	172,351	1,723,517
Charges for Services	115,142	0	0	0	0	115,142
Fines, Licenses and Permits	557,446	0	0	0	222,720	780,166
Intergovernmental	264,215	325,958	2,947	424,667	880,000	1,897,787
Interest	3,396	74	0	0	65	3,535
Rentals	0	0	0	0	11,106	11,106
Contributions and Donations	0	0	0	0	22,977	22,977
Other	113,975	13,344	0	367,752	7,899	502,970
<i>Total Revenues</i>	<u>2,908,592</u>	<u>487,777</u>	<u>2,947</u>	<u>792,419</u>	<u>1,495,202</u>	<u>5,686,937</u>
<b>Expenditures</b>						
Current:						
General Government	1,258,029	0	0	0	16,504	1,274,533
Security of Persons and Property:						
Police	1,479,585	0	0	0	359,938	1,839,523
Fire	419,637	0	0	0	114,337	533,974
Transportation	0	308,774	0	0	60,246	369,020
Community Environment	0	0	12,416	0	528,451	540,867
Leisure Time Activities	0	0	0	0	223,087	223,087
Capital Outlay	0	0	0	350,226	0	350,226
Debt Service:						
Principal Retirement	2,799	0	0	0	15,168	17,967
Interest and Fiscal Charges	811	0	0	0	24,379	25,190
<i>Total Expenditures</i>	<u>3,160,861</u>	<u>308,774</u>	<u>12,416</u>	<u>350,226</u>	<u>1,342,110</u>	<u>5,174,387</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(252,269)</u>	<u>179,003</u>	<u>(9,469)</u>	<u>442,193</u>	<u>153,092</u>	<u>512,550</u>
<b>Other Financing Sources (Uses)</b>						
Transfers In	0	0	12,197	0	0	12,197
Transfers Out	(12,197)	0	0	0	0	(12,197)
<i>Total Other Financing Sources (Uses)</i>	<u>(12,197)</u>	<u>0</u>	<u>12,197</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	<u>(264,466)</u>	<u>179,003</u>	<u>2,728</u>	<u>442,193</u>	<u>153,092</u>	<u>512,550</u>
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>1,381,016</u>	<u>183,719</u>	<u>(174,324)</u>	<u>(258,646)</u>	<u>850,249</u>	<u>1,982,014</u>
<i>Fund Balances End of Year</i>	<u>\$1,116,550</u>	<u>\$362,722</u>	<u>(\$171,596)</u>	<u>\$183,547</u>	<u>\$1,003,341</u>	<u>\$2,494,564</u>

See accompanying notes to the basic financial statements

**City of Campbell, Ohio**  
*Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Year Ended December 31, 2015*

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**Net Change in Fund Balances - Total Governmental Funds** \$512,550

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

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

Capital Asset Additions	41,524
Current Year Depreciation	<u>(177,065)</u>

Total (135,541)

Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. (18,369)

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

Delinquent Property Taxes	19,845
Income Taxes	(137,174)
Intergovernmental	<u>(332,390)</u>

Total (449,719)

Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows. 284,720

Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities. (307,374)

Repayment of long-term obligations is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 17,967

In the statement of activities, interest is accrued on outstanding loans, whereas in governmental funds, an interest expenditure is reported when due. 55

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

Compensated Absences	(6,853)
Jail Services Liability	<u>12,000</u>

Total 5,147

*Change in Net Position of Governmental Activities* (\$90,564)

See accompanying notes to the basic financial statements

**City of Campbell, Ohio**  
*Statement of Revenues, Expenditures and Changes  
In Fund Balance - Budget and Actual (Budget Basis)  
General Fund  
For the Year Ended December 31, 2015*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Property Taxes	\$271,979	\$271,979	\$303,252	\$31,273
Municipal Income Taxes	1,407,367	1,407,367	1,569,188	161,821
Charges for Services	94,299	94,299	105,142	10,843
Fines, Licenses and Permits	502,773	502,773	560,583	57,810
Intergovernmental	257,447	257,447	287,049	29,602
Interest	3,046	3,046	3,396	350
Other	118,581	118,581	140,383	21,802
<i>Total Revenues</i>	<u>2,655,492</u>	<u>2,655,492</u>	<u>2,968,993</u>	<u>313,501</u>
<b>Expenditures</b>				
Current:				
General Government	1,717,517	1,509,115	1,311,919	197,196
Security of Persons and Property:				
Police	1,421,418	1,421,418	1,567,765	(146,347)
Fire	466,415	466,415	434,270	32,145
<i>Total Expenditures</i>	<u>3,605,350</u>	<u>3,396,948</u>	<u>3,313,954</u>	<u>82,994</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(949,858)</u>	<u>(741,456)</u>	<u>(344,961)</u>	<u>396,495</u>
<b>Other Financing Sources (Uses)</b>				
Advances In	209,380	209,380	209,380	0
Advances Out	0	0	(328,812)	(328,812)
Transfers Out	0	0	(12,197)	(12,197)
<i>Total Other Financing Sources (Uses)</i>	<u>209,380</u>	<u>209,380</u>	<u>(131,629)</u>	<u>(341,009)</u>
<i>Net Change in Fund Balance</i>	<u>(740,478)</u>	<u>(532,076)</u>	<u>(476,590)</u>	<u>55,486</u>
<i>Fund Balance Beginning of Year</i>	640,935	640,935	640,935	0
Prior Year Encumbrances Appropriated	<u>253,593</u>	<u>253,593</u>	<u>253,593</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$154,050</u>	<u>\$362,452</u>	<u>\$417,938</u>	<u>\$55,486</u>

See accompanying notes to the basic financial statements

**City of Campbell, Ohio**  
*Statement of Revenues, Expenditures and Changes  
 In Fund Balance - Budget and Actual (Budget Basis)  
 Street Construction, Maintenance and Repair Fund  
 For the Year Ended December 31, 2015*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Property Taxes	\$63,899	\$97,907	\$148,401	\$50,494
Intergovernmental	141,088	216,179	327,668	111,489
Investment Earnings	32	49	74	25
Miscellaneous	5,420	8,304	12,587	4,283
<i>Total Revenues</i>	210,439	322,439	488,730	166,291
<b>Expenditures</b>				
Current:				
Transportation	460,640	460,640	315,706	144,934
<i>Net Change in Fund Balance</i>	(250,201)	(138,201)	173,024	311,225
<i>Fund Balance Beginning of Year</i>	134,507	134,507	134,507	0
Prior Year Encumbrances Appropriated	3,695	3,695	3,695	0
<i>Fund Balance (Deficit) End of Year</i>	<u>(\$111,999)</u>	<u>\$1</u>	<u>\$311,226</u>	<u>\$311,225</u>

See accompanying notes to the basic financial statements

**City of Campbell, Ohio**  
*Statement of Revenues, Expenditures and Changes  
 In Fund Balance - Budget and Actual (Budget Basis)  
 Industrial Light Grant Fund  
 For the Year Ended December 31, 2015*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$2,222	\$2,222	\$2,947	\$725
<b>Expenditures</b>				
Current:				
Community Environment	40,000	40,000	152,623	(112,623)
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(37,778)</u>	<u>(37,778)</u>	<u>(149,676)</u>	<u>(111,898)</u>
<b>Other Financing Sources (Uses)</b>				
Advances In	138,581	138,581	183,794	45,213
Advances Out	0	0	(34,117)	(34,117)
Transfers In	9,197	9,197	12,197	3,000
<i>Total Other Financing Sources (Uses)</i>	<u>147,778</u>	<u>147,778</u>	<u>161,874</u>	<u>14,096</u>
<i>Net Change in Fund Balance</i>	110,000	110,000	12,198	(97,802)
<i>Fund Balance Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$110,000</u>	<u>\$110,000</u>	<u>\$12,198</u>	<u>(\$97,802)</u>

See accompanying notes to the basic financial statements

**City of Campbell, Ohio**  
*Statement of Fund Net Position*  
*Proprietary Funds*  
*December 31, 2015*

	Enterprise		
	Water	Storm Water Management	Total
<b>Assets</b>			
<i>Current Assets:</i>			
Equity in Pooled Cash and Cash Equivalents	\$824,392	\$435,519	\$1,259,911
Accounts Receivable	233,924	17,123	251,047
Intergovernmental Receivable	5,226	0	5,226
<i>Total Current Assets</i>	<u>1,063,542</u>	<u>452,642</u>	<u>1,516,184</u>
<i>Noncurrent Assets:</i>			
Nondepreciable Capital Assets	34,280	0	34,280
Depreciable Capital Assets, Net	4,782,816	0	4,782,816
<i>Total Noncurrent Assets</i>	<u>4,817,096</u>	<u>0</u>	<u>4,817,096</u>
<i>Total Assets</i>	<u>5,880,638</u>	<u>452,642</u>	<u>6,333,280</u>
<b>Deferred Outflows of Resources</b>			
Pension	93,884	3,832	97,716
<b>Liabilities</b>			
<i>Current Liabilities:</i>			
Accounts Payable	5,255	1,882	7,137
Accrued Wages	7,177	154	7,331
Intergovernmental Payable	13,207	441	13,648
Interfund Payable	176,685	0	176,685
Accrued Interest Payable	32,388	0	32,388
OPWC Loans Payable	45,544	0	45,544
OWDA Loans Payable	103,705	0	103,705
Compensated Absences Payable	6,294	0	6,294
<i>Total Current Liabilities</i>	<u>390,255</u>	<u>2,477</u>	<u>392,732</u>
<i>Long-Term Liabilities (net of current portion):</i>			
OPWC Loans Payable	232,777	0	232,777
OWDA Loans Payable	1,065,556	0	1,065,556
Net Pension Liability	528,822	21,585	550,407
Compensated Absences Payable	44,301	0	44,301
<i>Total Long-Term Liabilities</i>	<u>1,871,456</u>	<u>21,585</u>	<u>1,893,041</u>
<i>Total Liabilities</i>	<u>2,261,711</u>	<u>24,062</u>	<u>2,285,773</u>
<b>Deferred Inflows of Resources</b>			
Pension	9,290	379	9,669
<b>Net Position</b>			
Net Investment in Capital Assets	3,369,514	0	3,369,514
Unrestricted	334,007	432,033	766,040
<i>Total Net Position</i>	<u>\$3,703,521</u>	<u>\$432,033</u>	<u>\$4,135,554</u>

See accompanying notes to the basic financial statements

**City of Campbell, Ohio**  
*Statement of Revenues,  
Expenses and Changes in Fund Net Position  
Proprietary Funds  
For the Year Ended December 31, 2015*

	Enterprise		
	Water	Storm Water Management	Total
<b>Operating Revenues</b>			
Charges for Services	\$1,780,299	\$142,505	\$1,922,804
Other Operating Revenues	25,148	0	25,148
<i>Total Operating Revenues</i>	<u>1,805,447</u>	<u>142,505</u>	<u>1,947,952</u>
<b>Operating Expenses</b>			
Personal Services	735,183	11,818	747,001
Materials and Supplies	203,480	0	203,480
Contractual Services	426,851	65,733	492,584
Depreciation	178,387	0	178,387
Other	30,069	15,403	45,472
<i>Total Operating Expenses</i>	<u>1,573,970</u>	<u>92,954</u>	<u>1,666,924</u>
<i>Operating Income (Loss)</i>	231,477	49,551	281,028
<b>Non-Operating Revenues (Expenses)</b>			
Interest and Fiscal Charges	(67,508)	0	(67,508)
<i>Change in Net Position</i>	163,969	49,551	213,520
<i>Net Position Beginning of Year - Restated (See Note 19)</i>	<u>3,539,552</u>	<u>382,482</u>	<u>3,922,034</u>
<i>Net Position End of Year</i>	<u><u>\$3,703,521</u></u>	<u><u>\$432,033</u></u>	<u><u>\$4,135,554</u></u>

See accompanying notes to the basic financial statements

**City of Campbell, Ohio**  
*Statement of Cash Flows*  
*Proprietary Funds*  
For the Year Ended December 31, 2015

	Enterprise		
	Water	Storm Water Management	Total
<b><i>Increase in Cash and Cash Equivalents</i></b>			
<b>Cash Flows from Operating Activities</b>			
Cash Received from Customers	\$1,660,995	\$146,101	\$1,807,096
Other Cash Receipts	30,208	0	30,208
Cash Payments to Employees for Services	(770,021)	(12,838)	(782,859)
Cash Payments for Goods and Services	(646,685)	(72,955)	(719,640)
Other Cash Payments	(30,069)	(15,403)	(45,472)
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>244,428</u>	<u>44,905</u>	<u>289,333</u>
<b>Cash Flows from Noncapital Financing Activities</b>			
<b>Financing Activities</b>			
Advances Out	(50,000)	0	(50,000)
<b>Cash Flows from Capital and Related Financing Activities</b>			
Principal Paid on OWDA Loans	(98,261)	0	(98,261)
Interest Paid on OWDA Loans	(83,761)	0	(83,761)
Principal Paid on OWPC Loans	(45,544)	0	(45,544)
<i>Net Cash Provided by (Used for) Capital and Related Financing Activities</i>	<u>(227,566)</u>	<u>0</u>	<u>(227,566)</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	(33,138)	44,905	11,767
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>857,530</u>	<u>390,614</u>	<u>1,248,144</u>
<i>Cash and Cash Equivalents End of Year</i>	<u>\$824,392</u>	<u>\$435,519</u>	<u>\$1,259,911</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities</b>			
Operating Income (Loss)	<u>\$231,477</u>	<u>\$49,551</u>	<u>\$281,028</u>
Adjustments:			
Depreciation	178,387	0	178,387
<i>(Increase) Decrease in Assets and Deferred Outflows:</i>			
Accounts Receivable	(120,734)	(5,159)	(125,893)
Intergovernmental Receivable	(5,226)	0	(5,226)
Deferred Outflow - Pension	5,888	241	6,129
<i>Increase (Decrease) in Liabilities and Deferred Inflows:</i>			
Accounts Payable	(16,354)	1,276	(15,078)
Accrued Wages	(16,794)	(341)	(17,135)
Compensated Absences Payable	319	0	319
Intergovernmental Payable	1,501	(90)	1,411
Net Pension Liability	(9,749)	(398)	(10,147)
Deferred Inflow - Pension	(4,287)	(175)	(4,462)
<i>Total Adjustments</i>	<u>12,951</u>	<u>(4,646)</u>	<u>8,305</u>
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>\$244,428</u>	<u>\$44,905</u>	<u>\$289,333</u>

See accompanying notes to the basic financial statements

**City of Campbell, Ohio**  
*Statement of Fiduciary Assets and Liabilities*  
*Agency Funds*  
*December 31, 2015*

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	<u>Agency</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$461,412
Cash and Cash Equivalents in Segregated Accounts	<u>97,649</u>
<i>Total Assets</i>	<u><u>\$559,061</u></u>
<b>Liabilities</b>	
Due to Others	\$206,828
Due to Other Governments	<u>352,233</u>
<i>Total Liabilities</i>	<u><u>\$559,061</u></u>

See accompanying notes to the basic financial statements

**City of Campbell, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2015*

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**Note 1 – Description of the City and Reporting Entity**

The City of Campbell is a charter municipal corporation formed under the laws of the State of Ohio. The City operates under its own Charter made effective November 3, 1970. The Charter, as amended, provides for a Council-Mayor form of government.

The Mayor, elected by the voters for a two-year term, is the head of the municipal government for ceremonial, administrative, and executive purposes and presides at Council meetings. He also appoints all department heads and executes all contracts, conveyances and evidences of indebtedness of the City.

Legislative authority is vested in a five member council with the President of Council being elected at large and four members elected to specific wards and serves a term of two years. Council enacts ordinances and resolutions relating to tax levies, appropriates and borrows money and accepts bids for materials and services and other municipal purposes.

***Reporting Entity***

A reporting entity is comprised 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 City consists of all funds, departments, boards and agencies that are not legally separate from the City. For the City of Campbell, this includes the agencies and departments that provide the following services: police and fire protection, emergency medical, parks and recreation, street maintenance and municipal court. In addition, the City owns and operates a water treatment and distribution system which is reported as an enterprise fund. The operation of each of these activities is directly controlled by City Council through the budgetary process.

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

The City participates in the Eastgate Regional Council of Governments, a jointly governed organization. This organization is presented in Note 18 to the basic financial statements.

The City's management believes these financial statements present all activities for which the City is financially accountable.

**Note 2 – Summary of Significant Accounting Policies**

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

**City of Campbell, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2015*

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***Basis of Presentation***

The City'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.

***Government-wide Financial Statements*** The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the City that are governmental and those that are considered business-type.

The statement of net position presents the financial condition of the governmental and business-type activities of the City at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental and for the business-type activities of the City. 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 City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program or business activity is self-financing or draws from the general revenues of the City.

***Fund Financial Statements*** During the year, the City segregates transactions related to certain City 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 City at this more detailed level. The focus of governmental and enterprise 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 City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

***Governmental Funds*** Governmental funds are those through which most governmental functions 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 City's major governmental funds:

***General Fund*** - The general fund accounts for and reports all financial resources except those required to be accounted for and reported in another fund. The general fund balance is available to the City for any purpose provided it is expended or transferred according to the City of Campbell and/or the general laws of Ohio.

**City of Campbell, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2015*

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***Street Construction, Maintenance and Repair Fund*** - The street construction, maintenance and repair fund accounts for and reports property taxes and State gasoline tax and motor vehicle registration fees that are restricted for maintenance of streets within the City.

***Industrial Light Grant Fund*** - The industrial light grant fund accounts for and reports grant proceeds that are restricted for street light installation and maintenance.

***Infrastructure and Equipment Fund*** - The infrastructure and equipment fund accounts for and reports restricted grant monies received from the Ohio Department of Development and the Ohio Public Works Commission to be expended on various infrastructure projects and to purchase equipment.

The other governmental funds of the City account for grants and other resources whose use is restricted, committed or assigned to a particular purpose.

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

***Enterprise Funds*** - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following are the City's major enterprise funds:

***Water Fund*** - The water fund accounts for revenues generated from the charges for distribution of water to the residential and commercial users located within the City. The costs of providing these services are financed primarily through user charges.

***Storm Water Management Fund*** - The storm water management fund accounts for charges for serves for the construction and operation of drainage facilities.

***Fiduciary Funds***

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

The City's fiduciary funds are agency funds. Agency funds are used to account for the sewer amounts collected and paid to Mahoning County and amounts collected by the municipal court that are paid to other governments.

***Measurement Focus***

***Government-wide Financial Statements*** The government-wide financial statements are prepared using a flow of 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 City are included on the Statement of Net Position. The Statement of Activities presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

**City of Campbell, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2015*

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***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 a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, all proprietary funds are accounted for on a flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of these funds are included on the statement of fund net position. The statement of revenues, expenses and changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

***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 statement for the proprietary and fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and 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 Nonexchange Transactions*** Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the City, available means expected to be received within sixty days of year-end.

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the year in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 7). Revenue from grants, entitlements and donations is recognized in the 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 City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On the 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 year-end: income tax, state-levied locally shared taxes (including gasoline tax and motor vehicle license fees), fines and forfeitures, interest, grants and rentals.

**City of Campbell, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2015*

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**Unearned Revenue** Unearned revenue represents amounts under the accrual and modified accrual basis of accounting for which asset recognition criteria have been met, but for which revenue recognition criteria have not yet been met because such amounts have not yet been earned. The City recognizes unearned revenue for the long-term lease of land throughout the City for oil and gas exploration.

**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. For the City deferred outflows of resources are reported on the government – wide statement of net position for deferred charges on pension. The deferred outflows of resources related to pension are explained in Note 15.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represents an acquisition of net position that applies to a future period and will not be recognized until that time. For the City, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2015, but which were levied to finance year 2016 operations. The amounts have been recorded as deferred inflow on both the government-wide statement of net position and the government 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 City, unavailable revenue includes delinquent property taxes, income taxes and grants and entitlements. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The detail of these unavailable revenues are identified on the reconciliation of total governmental fund balance to net position of governmental activities found on page 19. Deferred inflows of resources related to pension are reported on the government wide statement of net position. (See Note 15)

**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.

***Pensions***

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

***Cash and Cash Equivalents***

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

Various departments within the City have segregated bank accounts for monies held separate from the City's central bank account. These accounts are presented as "cash and cash equivalents in segregated accounts" since they are not required to be deposited with the Finance Director.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2015 amount to \$3,396, of which \$2,889 is assigned from other City funds.

**City of Campbell, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2015*

Investments with an original maturity of three months or less at the time of purchase and investments of the cash management pool 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. Inventory consists of expendable supplies held for consumption.

***Restricted Assets***

Assets are reported as restricted when limitations on their use change in nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments or imposed by law through constitutional provisions or enabling legislation. Restricted assets in the general fund represent money set aside for unclaimed monies.

***Capital Assets***

General capital assets are capital assets which are associated with and generally arise from governmental activities. They generally result from expenditures in the governmental funds. General capital 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 utilized by the enterprise funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The City was able to estimate the historical cost for the initial reporting of infrastructure by backtrending (i.e., estimating the current replacement cost of the infrastructure 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 City maintains a capitalization threshold of \$5,000 with the exception of land as land was included regardless of cost. 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 or not. Interest incurred during the construction of proprietary fund capital assets is also capitalized.

All capital assets are depreciated except for land. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental and Business-Type Activities Estimated Lives
Land Improvements	15 - 50 years
Buildings	40 years
Machinery and Equipment	5 - 20 years
Vehicles	8 years
Infrastructure	30 - 100 years

The City reports infrastructure consisting of roads, traffic signals and waterlines. Traffic signals and waterlines include assets acquired prior to December 31, 2011. Roads do not include assets acquired prior to December 31, 2011.

**City of Campbell, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2015*

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***Interfund Balances***

On fund financial statements, outstanding interfund loans and unpaid amounts for interfund services are reported as “interfund receivables/payables.” Interfund balances amounts are eliminated in the statement of net position, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances.

***Compensated Absences***

Vacation benefits are accrued as a liability as the benefits are earned if the employee’s rights to receive the compensation are attributable to services already rendered and it is probable that the City will compensate the employees for the benefits through paid time off or some other means. The City records a liability for all accumulated unused vacation time when earned for all employees.

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 City has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employee’s wage rates at year end, taking into consideration any limits in the City’s termination policy. The City records a liability for accumulated unused sick leave for all employees after ten years of service.

***Accrued Liabilities and Long-Term Obligations***

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences and net pension liability 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 year. Long-term loans are recognized as a liability on the governmental fund financial statements when due.

***Fund Balance***

Fund balance is divided into five classifications based primarily on the extent to which the City 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 or enabling legislation (City Ordinances).

**City of Campbell, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2015*

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Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means the City can be compelled by an external party—such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

**Committed** The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (ordinance or resolution, as both are equally legally binding) of City Council. Those committed amounts cannot be used for any other purpose unless City Council removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. (In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by City Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable.) Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

**Assigned** Amounts in the assigned fund balance classification are intended to be used by the City 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 City Council. In the general fund, assigned amounts represent intended uses established by policies of the Council or a City official delegated that authority by City Charter or ordinance, or by State Statute. State statute authorizes the Finance Director to assign balance for purchases on order provided such amounts have been lawfully appropriated. City Council assigned fund balance to cover a gap between estimated revenue and appropriations in 2016's budget.

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

The City 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 borrowing used for the acquisition, construction or improvement of those assets. Net position are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for recycling, court computerization and unclaimed monies.

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

**City of Campbell, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2015*

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***Operating Revenues and Expenses***

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for water and storm water services. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the fund. Revenues and expenses which do not meet these definitions are reported as non-operating.

***Internal Activity***

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Transfers between governmental activities are eliminated on the government-wide financial statements. Internal events that are allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Interfund payments for services provided and used are not eliminated.

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

***Estimates***

The preparation of the 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.

***Budgetary Process***

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of 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 amount Council may appropriate. The appropriation resolution is Council's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Council. The legal level of control has been established by Council at the object level by department for all funds. Budgetary modification may only be made by resolution of the City Council at the legal level of control. Authority to further allocate Council appropriations within the object level has been given to the Finance Director.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Finance Director. The amounts reported as the original and final budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original and final appropriations were enacted by Council.

The appropriation resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by Council during the year.

**City of Campbell, Ohio**  
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**Note 3 - Fund Balances**

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

Fund Balances	General	Street Construction, Maintenance and Repair	Industrial Light Grant	Infrastructure and Equipment	Other Governmental Funds	Total
<b><i>Nonspendable</i></b>						
Inventory	\$0	\$9,276	\$0	\$0	\$0	\$9,276
Unclaimed Monies	17,084	0	0	0	0	17,084
<b><i>Total Nonspendable</i></b>	<b>17,084</b>	<b>9,276</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>26,360</b>
<b><i>Restricted for</i></b>						
Recreation	0	0	0	0	75,681	75,681
Safety Forces	0	0	0	0	6,741	6,741
Street Maintenance	0	353,446	0	0	237,848	591,294
Recycling	0	0	0	0	38,786	38,786
Enforcement and Education	0	0	0	0	661,262	661,262
Community Development	0	0	0	0	89,062	89,062
Capital Improvements	0	0	0	183,547	655	184,202
<b><i>Total Restricted</i></b>	<b>0</b>	<b>353,446</b>	<b>0</b>	<b>183,547</b>	<b>1,110,035</b>	<b>1,647,028</b>
<b><i>Committed to</i></b>						
Capital Improvements	0	0	0	0	5,336	5,336
<b><i>Assigned to</i></b>						
2016 Operations	306,757	0	0	0	0	306,757
Purchases on Order:						
Personal Services	7,244	0	0	0	0	7,244
Purchased Services	53,301	0	0	0	0	53,301
Materials and Supplies	11,233	0	0	0	0	11,233
Other	46	0	0	0	0	46
Capital Outlay	15	0	0	0	0	15
<b><i>Total Assigned</i></b>	<b>378,596</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>378,596</b>
<b><i>Unassigned (Deficit)</i></b>	<b>720,870</b>	<b>0</b>	<b>(171,596)</b>	<b>0</b>	<b>(112,030)</b>	<b>437,244</b>
<b><i>Total Fund Balances (Deficit)</i></b>	<b>\$1,116,550</b>	<b>\$362,722</b>	<b>(\$171,596)</b>	<b>\$183,547</b>	<b>\$1,003,341</b>	<b>\$2,494,564</b>

**City of Campbell, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2015*

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**Note 4 – Accountability**

***Accountability***

Fund balances at December 31, 2015, included the following individual fund deficits:

	<u>Deficit Fund Balances</u>
<i>Special Revenue Funds:</i>	
Industrial Light Grant	\$171,596
Clean Ohio	109,920
YHMA	2,110

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

**Note 5 - Budgetary Basis of Accounting**

While 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 Balances - Budget (Non-GAAP Basis) and Actual for the general and major special revenue funds are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the 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 of fund balance (GAAP).

**City of Campbell, Ohio**  
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4. Unrecorded cash represents amounts received but not reported by the City on the operating statements (budget), but which is reported on the GAAP basis operating statements.
5. Advances-in and Advances-out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).

The following table summarized the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund and major special revenue funds:

	Net Change in Fund Balances		
	General	Street Construction, Maintenance and Repair	Industrial Light Grant
GAAP Basis	(\$264,466)	\$179,003	\$2,728
Net Adjustment for Revenue Accruals	122,958	2,647	0
Beginning Unrecorded Cash	(35,950)	0	0
Ending Unrecorded Cash	(26,607)	(1,694)	0
Net Adjustment for Expenditures Accruals	(72,801)	(4,162)	(140,207)
Advance In	209,380	0	183,794
Advance Out	(328,812)	0	(34,117)
Encumbrances	(80,292)	(2,770)	0
Budget Basis	(\$476,590)	\$173,024	\$12,198

**Note 6 - Deposits and Investments**

The City has chosen to follow State statutes and classify monies held by the City into three categories.

Active deposits are public deposits determined to be necessary to meet current demands upon the City treasury. Active deposits must be maintained either as cash in the City 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 Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;

**City of Campbell, Ohio**  
*Notes to the Basic Financial Statements*  
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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. 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;
5. Bonds and other obligations of the State of Ohio, and with certain limitations bonds and other obligations of political subdivisions of the State of Ohio;
6. The State Treasurer's investment pool (STAROhio); and
7. Certain commercial paper notes and bankers' acceptances for a period not to exceed one hundred eighty days in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; 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.

The City has passed an ordinance allowing the City to invest any monies not required to be used for a period of six months or more in the following:

1. Bonds of the State of Ohio;
2. Bonds of any municipal corporation, village, county, township, or other political subdivision of this State, as to which there is no default of principal, interest, or coupons; and
3. Obligations of the City.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City and must be purchased with the expectation that it will be held to maturity.

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

**Deposits**

**Custodial Credit Risk** Custodial credit risk for deposits is the risk that, in the event of failure of the counterparty, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$3,542,775 of the City's bank balance of \$4,195,801 was uninsured and

**City of Campbell, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2015*

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uncollateralized. Although the securities were held by the pledging financial institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the FDIC.

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

**Note 7 - Receivables**

Receivables at December 31, 2015, consisted primarily of municipal income taxes, property and other taxes, intergovernmental receivables arising from entitlements and shared revenues and accounts (billings for utility service).

All receivables, except property and income taxes, are expected to be received within one year. Property and income taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

No allowance for doubtful accounts has been recorded because uncollectible amounts are expected to be insignificant and collected within one year.

***Property Taxes***

Property taxes include amounts levied against all real and public utility property located in the City. Property tax revenue received during 2015 for real and public utility property taxes represents collections of 2014 taxes.

2015 real property taxes were levied after October 1, 2015, on the assessed value as of January 1, 2015, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2015 real property taxes are collected in and intended to finance 2016.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2015 public utility property taxes which became a lien December 31, 2014, are levied after October 1, 2015, and are collected in 2016 with real property taxes.

The full tax rate for all City operations for the year ended December 31, 2015, was \$9.50 per \$1,000 of assessed value. The assessed values of real and public utility tangible property upon which 2015 property tax receipts were based are as follows:

Real Property	\$62,303,670
Public Utility Personal Property	<u>3,431,170</u>
Total	<u><u>\$65,734,840</u></u>

**City of Campbell, Ohio**  
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The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the City. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real and public utility property taxes and outstanding delinquencies which were measurable as of December 31, 2015, and for which there was an enforceable legal claim. In governmental funds, the portion of the receivable not levied to finance 2015 operations is offset to deferred inflows of resources – property taxes. 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.

***Income Taxes***

The City levies and collects an income tax of two and half percent on all income earned within the City as well as on income of residents outside the City. In the latter case, the City allows a credit of 100 percent of the tax paid to another municipality, not to exceed the amount owed. Employers within the City are required to withhold income tax on employee earnings and remit the tax to the City quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually. In 2015, the proceeds were allocated ninety percent to the general fund and ten percent to the park special revenue fund.

***Intergovernmental Receivables***

A summary of intergovernmental receivables follows:

	<u>Amounts</u>
<b>Governmental Activities</b>	
Gasoline and Municipal Cents per Gallon	\$116,983
Industrial Light Grant	112,165
Homestead and Rollback	88,438
Local Government	81,720
Permissive Tax	45,075
Motor Vehicle License Tax	44,499
4th Quarter Sewer Administration Reimbursement	10,000
FBI Reimbursement	5,874
Youngstown Metropolitan Housing Authority	4,932
<b>Total Governmental Activities</b>	<b>509,686</b>
<b>Business-Type Activities</b>	
4th Quarter Sewer Administration Reimbursement	5,226
<b>Total</b>	<b>\$514,912</b>

**Note 8 - Compensated Absences**

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Employees earn ten to twenty-five days of vacation per year, depending upon length of service. Earned unused vacation time is paid upon termination of employment. Employees earn sick leave at different rates depending upon length of service and type of employment. Sick leave accrual is continuous, without limit. Upon retirement or death, an employee can be paid for 75 percent up to a maximum of 90 days of accumulated, unused sick leave.

**City of Campbell, Ohio**  
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**Note 9 - Contingencies**

***Litigation***

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

***Grants***

The City received financial assistance from federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the City at December 31, 2015.

**Note 10 - Capital Assets**

Capital asset activity for the year ended December 31, 2015, was as follows:

	Balance 12/31/2014	Additions	Deductions	Balance 12/31/2015
<b>Governmental Activities</b>				
<b><i>Capital Assets not being Depreciated:</i></b>				
Land	\$755,800	\$0	\$0	\$755,800
<b><i>Capital Assets being Depreciated:</i></b>				
Land Improvements	715,151	0	0	715,151
Buildings	1,796,193	0	0	1,796,193
Machinery and Equipment	607,312	0	0	607,312
Vehicles	1,829,619	41,524	(30,300)	1,840,843
Infrastructure	849,086	0	0	849,086
Total Capital Assets being Depreciated	5,797,361	41,524	(30,300)	5,808,585
<b><i>Less Accumulated Depreciation:</i></b>				
Land Improvements	(372,856)	(14,303)	0	(387,159)
Buildings	(1,566,912)	(13,687)	0	(1,580,599)
Machinery and Equipment	(506,098)	(13,155)	0	(519,253)
Vehicles	(990,959)	(125,248)	11,931	(1,104,276)
Infrastructure	(347,511)	(10,672)	0	(358,183)
Total Accumulated Depreciation	(3,784,336)	(177,065) *	11,931	(3,949,470)
Total Capital Assets being Depreciated, Net	2,013,025	(135,541)	(18,369)	1,859,115
Governmental Activities Capital Assets, Net	\$2,768,825	(\$135,541)	(\$18,369)	\$2,614,915

**City of Campbell, Ohio**  
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\*Depreciation expense was charged to governmental activities as follows:

General Government	\$31,938
Security of Persons and Property	111,665
Transportation	21,184
Leisure Time Activities	<u>12,278</u>
Total Depreciation Expense	<u><u>\$177,065</u></u>

	Balance 12/31/2014	Additions	Deductions	Balance 12/31/2015
<b>Business Type Activities:</b>				
<i>Capital Assets not being Depreciated:</i>				
Land	\$34,280	\$0	\$0	\$34,280
<i>Capital Assets being Depreciated:</i>				
Land Improvements	33,962	0	0	33,962
Buildings	3,923,395	0	0	3,923,395
Machinery and Equipment	1,809,275	0	0	1,809,275
Vehicles	29,101	0	0	29,101
Infrastructure	10,200,000	0	0	10,200,000
Total Capital Assets being Depreciated	<u>15,995,733</u>	<u>0</u>	<u>0</u>	<u>15,995,733</u>
<i>Less Accumulated Depreciation:</i>				
Land Improvements	(31,395)	(820)	0	(32,215)
Buildings	(3,013,306)	(47,253)	0	(3,060,559)
Machinery and Equipment	(1,542,549)	(25,040)	0	(1,567,589)
Vehicles	(21,280)	(3,274)	0	(24,554)
Infrastructure	(6,426,000)	(102,000)	0	(6,528,000)
Total Accumulated Depreciation	<u>(11,034,530)</u>	<u>(178,387)</u>	<u>0</u>	<u>(11,212,917)</u>
Total Capital Assets being Depreciated, Net	<u>4,961,203</u>	<u>(178,387)</u>	<u>0</u>	<u>4,782,816</u>
Business Type Activities Capital Assets, Net	<u><u>\$4,995,483</u></u>	<u><u>(\$178,387)</u></u>	<u><u>\$0</u></u>	<u><u>\$4,817,096</u></u>

**City of Campbell, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2015*

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**Note 11 - Risk Management**

The City is exposed to various risks of property and casualty losses, and injuries to employees.

***Property and Liability***

The City belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. York Risk Pooling Services, Inc. (YORK), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is administered by YORK. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

***Casualty and Property Coverage***

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. (At December 31, 2015, the Pool retained \$350,000 for casualty claims and \$100,000 for property claims). The Board of Directors and York periodically review the financial strength of the Pool and other market conditions to determine the appropriate level of risk the Pool will retain. There has been no significant reduction in coverage from last year.

The aforementioned casualty and property reinsurance agreements do not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective PEP member.

***Financial Position***

PEP's financial statements (for which an independent audit is still ongoing) conform to generally accepted accounting principles, and preliminarily show the following assets, liabilities and net position at December 31, 2015 and 2014:

<u>Casualty and Property Coverage</u>	<u>2015</u>	<u>2014</u>
Assets	\$38,307,677	\$35,402,177
Liabilities	<u>12,759,127</u>	<u>12,363,257</u>
Net Position - Unrestricted	<u>\$25,548,550</u>	<u>\$23,038,920</u>

At December 31, 2015 and 2014, the liabilities above include \$12.3 million of estimated incurred claims payable for 2014 and an unknown amount for 2015. The casualty coverage assets and net position above include approximately \$11.0 million and \$10.8 million of unpaid claims to be billed to approximately 488 member governments in the future, as of December 31, 2015 and 2014, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. This payable includes subsequent year's contributions due if the City terminates participation, as described in the last paragraph below.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

**City of Campbell, Ohio**  
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This was the second year the City was a member of the PEP. The contribution for 2015 was \$80,294.

After completing one year of membership, members may withdraw on each anniversary date of the date they joined PEP, provided they give written notice to PEP 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary contribution. Withdrawing members have no other future obligations to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to withdrawal.

The City also has boiler and machinery insurance coverage in the amount of \$27,274,978 through Wells Fargo Insurance and crime policy insurance coverage in the amount of \$50,000 per employee theft through Cincinnati Insurance.

***Healthcare***

Healthcare is provided through AETNA with single coverage of \$7,916.40 per year, husband and wife coverage of \$19,759.20 per year, parent and child coverage of \$11,989.80 per year and full family coverage of \$21,129.00 per year.

***Workers' Compensation***

Workers' compensation is provided by the State. The City pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

**Note 12 – Interfund Transfers and Balances**

***Interfund Transfers***

The general fund made a transfer of \$12,197 to the industrial light grant special revenue fund to help cover expenditures during 2015.

***Interfund Balances***

Interfund balances at December 31, 2015, consist of the following:

<b>Interfund Payable</b>	<b>Interfund Receivable</b>
	General
<b>Major Fund:</b>	
Industrial Light Grant Fund	\$183,794
<b>Other Governmental Funds:</b>	
Clean Ohio Fund	138,026
Youngstown Metropolitan Housing Authority Fund	7,000
Water Enterprise Fund	176,685
<b>Grand Total</b>	<b>\$505,505</b>

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The majority of these advances were made to cover qualifying expenditures in the various funds which will be reimbursed when the grant monies are received by the City.

**Note 13 - Long-Term Obligations**

Original issue amounts and interest rates of the City's debt issues are as follows:

Debt Issue	Interest Rate	Original Issue	Year of Maturity
<b>Business-Type Activities</b>			
<i>OPWC Loans</i>			
Liberty Sewer Water Tank - 1999	0.00%	\$809,670	2021
Wilson Avenue & 13th Street Sanitary Separation - 2010	0.00	101,204	2031
<i>OWDA Loans</i>			
Water Treatment Plant - 2000	5.16 - 5.54	2,421,405	2024

A schedule of changes in long-term obligations of the City during 2015 follows:

	Balance 12/31/14	Additions	Reductions	Balance 12/31/15	Amounts Due in One Year
<b>Governmental Activities</b>					
<i>Other</i>					
Net Pension Liability					
OPERS	\$516,878	\$11,944	\$0	\$528,822	\$0
OP&F	2,408,088	153,328	0	2,561,416	0
Total Net Pension Liability	2,924,966	165,272	0	3,090,238	0
Police and Fire Pension	481,581	0	(15,168)	466,413	15,820
Jail Services Liability	58,847	0	(12,000)	46,847	12,000
Capital Lease	8,513	0	(2,799)	5,714	3,128
Compensated Absences	281,991	93,223	(86,370)	288,844	92,202
<i>Total Governmental Activities</i>	<u>\$3,755,898</u>	<u>\$258,495</u>	<u>(\$116,337)</u>	<u>\$3,898,056</u>	<u>\$123,150</u>
<b>Business-Type Activities</b>					
<i>OPWC Loans</i>					
Liberty Sewer Water Tank	\$242,901	\$0	(\$40,484)	\$202,417	\$40,484
Wilson Avenue and 13th Street Sanitary Separation	80,964	0	(5,060)	75,904	5,060
<i>Total OPWC Loans</i>	<u>323,865</u>	<u>0</u>	<u>(45,544)</u>	<u>278,321</u>	<u>45,544</u>
<i>OWDA Loans</i>					
Water Treatment Plant	1,267,522	0	(98,261)	1,169,261	103,705
<i>Other</i>					
Net Pension Liability OPERS:					
Water	516,878	11,945	0	528,823	0
Sewer	21,097	487	0	21,584	0
Total Net Pension Liability OPERS	537,975	12,432	0	550,407	0
Compensated Absences	50,276	5,243	(4,924)	50,595	6,294
<i>Total Other</i>	<u>588,251</u>	<u>17,675</u>	<u>(4,924)</u>	<u>601,002</u>	<u>6,294</u>
<b>Total Business-Type Activities</b>	<u>\$2,179,638</u>	<u>\$17,675</u>	<u>(\$148,729)</u>	<u>\$2,048,584</u>	<u>\$155,543</u>

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The police and fire pension liability will be paid from the police and fire pension funds. The jail services liability is an amount owed to Mahoning County for holding prisoners. This liability will be paid from the general fund. The OWDA and OPWC loans will be paid with user charges from the water enterprise fund. Compensated absences will be paid from the following funds: the general fund, the street construction, maintenance and repair special revenue fund and the water enterprise fund. Capital leases will be paid from the general fund. The City pays obligations related to employee compensation from the fund benefitting from their service. See Note 15 for additional information related to the net pension liability.

The City's overall legal debt margin was \$6,902,158 with an unvoted debt margin of \$3,615,416 at December 31, 2015. Principal and interest requirements to retire long-term obligations outstanding at December 31, 2015, are as follows:

Governmental Activities:

	Police and Fire Pension Liability		Jail Services Liability
	Principal	Interest	Principal
2016	\$15,820	\$27,569	\$12,000
2017	16,499	18,977	12,000
2018	17,208	18,268	12,000
2019	17,947	17,529	10,847
2020	18,718	16,758	0
2021-2025	106,363	71,018	0
2026-2030	131,253	46,127	0
2031-2035	142,605	15,445	0
Total	\$466,413	\$231,691	\$46,847

Business-Type Activities:

	OWDA Loans		OPWC Loans
	Principal	Interest	
2016	\$103,705	\$64,777	\$45,544
2017	109,450	59,032	45,544
2018	115,513	52,968	45,544
2019	121,913	46,568	45,544
2020	128,668	39,814	25,303
2021-2025	590,012	83,917	45,538
2026-2030	0	0	22,774
2031	0	0	2,530
Total	\$1,169,261	\$347,076	\$278,321

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**Note 14 – Capital Leases**

During 2015, the City entered into a lease agreement for a telephone system. This lease obligation meets the criteria of a capital lease and has been recorded on the government-wide statements. The original amount capitalized for the capital lease and the book value as of December 31, 2015 can be found in the table below.

<i>Asset:</i>	<u>Governmental Activities</u>
Equipment	\$9,800
Less: Accumulated Depreciation	<u>(1,960)</u>
Book Value as of December 31, 2015	<u><u>\$7,840</u></u>

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

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>
2016	3,610
2017	<u>2,708</u>
Total Minimum Lease Payments	6,318
Less: Amount Representing Interest	<u>(604)</u>
Present Value of Minimum Lease	<u><u>\$5,714</u></u>

Capital lease payments have been reclassified and are reflected as debt service in the fund financial statements for the general fund. These expenditures are reflected as program expenditures on a budgetary basis.

**Note 15 – Defined Benefit Pension Plans**

***Net Pension Liability***

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

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

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

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting.

***Plan Description – Ohio Public Employees Retirement System (OPERS)***

Plan Description - City employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. City employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information):

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<b>Group A</b> Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	<b>Group B</b> 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	<b>Group C</b> Members not in other Groups and members hired on or after January 7, 2013
<b>State and Local</b>	<b>State and Local</b>	<b>State and Local</b>
<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	<u>State and Local</u>
<b>2015 Statutory Maximum Contribution Rates</b>	
Employer	14.0 %
Employee	10.0 %
<b>2015 Actual Contribution Rates</b>	
Employer:	
Pension	12.0 %
Post-employment Health Care Benefits	2.0
Total Employer	<u>14.0 %</u>
Employee	<u>10.0 %</u>

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$134,017 for 2015. Of this amount, \$14,298 is reported as an intergovernmental payable.

**City of Campbell, Ohio**  
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***Plan Description – Ohio Police & Fire Pension Fund (OPF)***

Plan Description - City full-time police and firefighters participate in Ohio Police and Fire Pension Fund (OPF), a cost-sharing, multiple-employer defined benefit pension plan administered by OPF. OPF provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OPF issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OPF fiduciary net position. The report that may be obtained by visiting the OPF website at [www.op-f.org](http://www.op-f.org) or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Upon attaining a qualifying age with sufficient years of service, a member of OPF may retire and receive a lifetime monthly pension. OPF offers four types of service retirement: normal, service commuted, age/service commuted and actuarially reduced. Each type has different eligibility guidelines and is calculated using the member's average annual salary. The following discussion of the pension formula relates to normal service retirement.

For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement with at least 25 years of service credit. For members hired on or before after July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit.

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit.

Under normal service retirement, retired members who are at least 55 years old and have been receiving OPF benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit and statutory survivors.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, will receive a COLA equal to either three percent or the percent increase, if any, in the consumer price index (CPI) over the 12-month period ending on September 30 of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013 is equal to three percent of their base pension or disability benefit.

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Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	Police	Firefighters
<b>2015 Statutory Maximum Contribution Rates</b>		
Employer	19.50 %	24.00 %
Employee:		
January 1, 2015 through July 1, 2015	11.50 %	11.50 %
July 2, 2015 through December 31, 2015	12.25 %	12.25 %
<b>2015 Actual Contribution Rates</b>		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	0.50	0.50
<b>Total Employer</b>	<b>19.50 %</b>	<b>24.00 %</b>
Employee:		
January 1, 2015 through July 1, 2015	11.50 %	11.50 %
July 2, 2015 through December 31, 2015	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OPF was \$219,051 for 2015. Of this amount \$26,542 is reported as an intergovernmental payable.

In addition to current contributions, the City pays installments on the accrued liability incurred when the State of Ohio established the statewide pension system for police and fire fighters in 1967. As of December 31, 2015, the unfunded liability of the City was \$466,413 payable in semi-annual payments through the year of 2035. This is an accounting liability of the City which will not vary.

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

The net pension liability for OPERS was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OPF's total pension liability was measured as of December 31, 2014, and was determined by rolling forward the total pension liability as of January 1, 2014, to December 31, 2014. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	OPERS	OP&F	Total
Proportionate Share of the Net Pension Liability	\$1,079,229	\$2,561,416	\$3,640,645
Proportion of the Net Pension Liability	0.008948%	0.0494442%	
Pension Expense	\$117,388	\$249,854	\$367,242

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At December 31, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS	OP&F	Total
<b>Deferred Outflows of Resources</b>			
Net difference between projected and actual earnings on pension plan investments	\$57,584	\$110,395	\$167,979
City contributions subsequent to the measurement date	134,017	219,051	353,068
Total Deferred Outflows of Resources	\$191,601	\$329,446	\$521,047
<b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	\$18,959	\$0	\$18,959

\$353,068 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS	OP&F	Total
Year Ending December 31:			
2016	\$5,648	\$27,599	\$33,247
2017	5,648	27,599	33,247
2018	12,933	27,599	40,532
2019	14,396	27,598	41,994
Total	\$38,625	\$110,395	\$149,020

***Actuarial Assumptions - OPERS***

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Wage Inflation	3.75 percent
Future Salary Increases, including inflation	4.25 to 10.05 percent including wage inflation
COLA or Ad Hoc COLA	3 percent, simple
Investment Rate of Return	8 percent
Actuarial Cost Method	Individual Entry Age

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Mortality rates were based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

The most recent experience study was completed for the five year period ended December 31, 2010.

The long-term rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

OPERS manages investments in four investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan and the VEBA Trust. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The money weighted rate of return, net of investments expense, for the Defined Benefit portfolio is 6.95 percent for 2014.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2014 and the long-term expected real rates of return:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	23.00 %	2.31 %
Domestic Equities	19.90	5.84
Real Estate	10.00	4.25
Private Equity	10.00	9.25
International Equities	19.10	7.40
Other investments	18.00	4.59
Total	<u>100.00 %</u>	<u>5.28 %</u>

**Discount Rate** The discount rate used to measure the total pension liability was 8 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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***Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate***

The following table presents the City's proportionate share of the net pension liability calculated using the current period discount rate assumption of 8 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (7 percent) or one-percentage-point higher (9 percent) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
City's proportionate share of the net pension liability	\$1,985,472	\$1,079,229	\$315,954

***Actuarial Assumptions – OPF***

OPF's total pension liability as of December 31, 2014 is based on the results of an actuarial valuation date of January 1, 2014, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OPF's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2014, are presented below:

Valuation Date	January 1, 2014
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.25 percent
Projected Salary Increases	4.25 percent to 11 percent
Payroll Increases	3.75 percent
Inflation Assumptions	3.25 percent
Cost of Living Adjustments	2.60 percent and 3.00 percent

Rates of death are based on the RP2000 Combined Table, age-adjusted as follows. For active members, set back six years. For disability retirements, set forward five years for police and three years for firefighters. For service retirements, set back zero years for police and two years for firefighters. For beneficiaries, set back zero years. The rates are applied on a fully generational basis, with a base year of 2009, using mortality improvement Scale AA.

The most recent experience study was completed January 1, 2012.

The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OPF's target asset allocation as of December 31, 2014 are summarized below:

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Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash and Cash Equivalents	- %	(0.25) %
Domestic Equity	16.00	4.47
Non-US Equity	16.00	4.47
Core Fixed Income *	20.00	1.62
Global Inflation Protected *	20.00	1.33
High Yield	15.00	3.39
Real Estate	12.00	3.93
Private Markets	8.00	6.98
Timber	5.00	4.92
Master Limited Partnerships	8.00	7.03
<b>Total</b>	<b>120.00 %</b>	

\* levered 2x

OPF's Board of Trustees has incorporated the "risk parity" concept into OPF's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on their relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.2 times due to the application of leverage in certain fixed income asset classes.

**Discount Rate** The total pension liability was calculated using the discount rate of 8.25 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 8.25 percent. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

**Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 8.25 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.25 percent), or one percentage point higher (9.25 percent) than the current rate.

	1% Decrease (7.25%)	Current Discount Rate (8.25%)	1% Increase (9.25%)
City's proportionate share of the net pension liability	\$3,542,825	\$2,561,416	\$1,730,460

**City of Campbell, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2015*

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**Note 16 – Postemployment Benefits**

***Ohio Public Employees Retirement System***

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains two cost-sharing, multiple-employer defined benefit postemployment health care trusts, which fund multiple health care plans including medical coverage, prescription drug coverage, deposits to a health reimbursement arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and combined plans. Members of the member-directed plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. See OPERS' CAFR referenced below for additional information.

The Ohio Revised Code permits, but does not require, OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml> by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of postemployment health care.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2015, state and local employers contributed at a rate of 14.0 percent of earnable salary. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

OPERS maintains three health care trusts. The two cost-sharing, multiple employer trusts, the 401(h) Health Care Trust and the 115 Health Care Trust, work together to provide health care funding to eligible retirees of the Traditional Pension and Combined plans. The third trust is a Voluntary Employee's Beneficiary Association (VEBA) that provides funding for a Retiree Medical Account for Member-Directed Plan members. Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0 percent during calendar year 2015. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2016 remained at 2.0 percent for both plans. The Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited to the VEBA for participants in the Member-Directed Plan for 2015 was 4.5 percent.

**City of Campbell, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2015*

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Substantially all of the City's contribution allocated to fund postemployment health care benefits relates to the cost-sharing, multiple employer trusts. The corresponding contribution for the years ended December 31, 2015, 2014 and 2013 was \$22,336, \$21,940 and \$10,160, respectively. For 2015, 85.71 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2014 and 2013.

***Police and Fire Pension Fund***

Plan Description - The City contributes to the Ohio Police and Fire Pension Fund (OPF) sponsored healthcare program, a cost-sharing, multiple-employer defined postemployment healthcare plan administered by OPF. OPF provides health care benefits including coverage for medical, prescription drug, dental, vision, Medicare Part B Premium, and long-term care to retirees, qualifying benefit recipients, and their eligible dependents.

OPF provides access to postretirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check, or is a spouse or eligible dependent child of such person. The health care coverage provided by OPF meets the definition of an Other Postemployment Benefit (OPEB) as described in Government Accounting Standards Board (GASB) Statement No. 45.

The Ohio Revised Code allows, but does not mandate, OPF to provide OPEB benefits. Authority for the OPF Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

OPF issues a publicly available financial report that includes financial information and required supplementary information for the plan. The report may be obtained by visiting the OPF website at [www.opf.org](http://www.opf.org) or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy - The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OPF defined benefit pension plan. Participating employers are required by the Ohio Revised Code to contribute to the pension plan at rates expressed as a percentage of payroll of active pension plan members, currently 19.5 percent and 24 percent of covered payroll for police and firefighters, respectively. Active members do not make contributions to the OPEB Plan.

OPF maintains funds for health care in two separate accounts. One for health care benefits under an IRS Code Section 115 trust and one for Medicare Part B premium reimbursements administered as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan under the authority granted by the Ohio Revised Code to the OPF Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contribution made to the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2014, the employer contribution allocated to the health care plan was .5 percent of covered payroll. The amount of employer contribution allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OPF Board of Trustees is also authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

**City of Campbell, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2015*

The City's contributions to OPF which were allocated to fund postemployment health care benefits for police and firefighters were \$4,462 and \$1,053 for the year ended December 31, 2015, \$4,047 and \$1,064 for the year ended December 31, 2014, and \$25,556 and \$8,039 for the year ended December 31, 2013. For 2015, 97.44 percent has been contributed for police and 97.92 percent has been contributed for firefighters with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2014 and 2013.

**Note 17 – Encumbrances**

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

<b>Governmental Funds</b>		<b>Proprietary Funds</b>	
General	\$80,292	Water	\$259,213
Street Construction, Maintenance and Repair	2,770	Storm Water Management	720
Infrastructure and Equipment	31,349		<u>\$259,933</u>
Other Governmental Funds	<u>128,737</u>		
Total Governmental Funds	<u><u>\$243,148</u></u>	<b>Agency Funds</b>	<u><u>\$37,852</u></u>

**Note 18 – Jointly Governed Organizations**

***Eastgate Regional Council of Governments***

The Eastgate Regional Council of Governments (ERCG) is a jointly governed organization that is committed to fostering cooperative regional efforts in the planning, programming and implementation of public sector activities. ERCG has thirty-six participating members. These include representatives from Ashtabula County, Mahoning County and Trumbull County, township trustees and officials from participating cities and villages. The operation of ERCG is controlled by a general policy board which consists of a representative from each participant. Funding comes from each of the participants. For 2015, the City contributed \$4,972 to the Eastgate Regional Council of Governments. For more information contact John R. Getchey, executive director, at 5121 Mahoning Avenue, Youngstown, Ohio 44515.

**City of Campbell, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2015*

**Note 19 – Change in Accounting Principle and Restatement of Net Position**

For 2015, the City implemented the Governmental Accounting Standards Board (GASB) Statement No. 68, “Accounting and Financial Reporting for Pensions” and GASB Statement No. 71, “Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68.” GASB 68 established standards for measuring and recognizing pension liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditure. The implementation of this pronouncement had the following effect on net position as reported December 31, 2014:

	Governmental Activities	Business -Type Activities
Net Position December 31, 2014	\$6,104,559	\$4,392,874
Adjustments:		
Net Pension Liability	(2,924,966)	(537,975)
Deferred Outflow - Payments Subsequent to Measurement Date	271,423	67,135
Restated Net Position December 31, 2014	\$3,451,016	\$3,922,034

	Water Fund	Storm Water Management Fund	Total Enterprise
Net Position December 31, 2014	\$3,991,928	\$400,946	\$4,392,874
Adjustments:			
Net Pension Liability	(516,878)	(21,097)	(537,975)
Deferred Outflow - Payments Subsequent to Measurement Date	64,502	2,633	67,135
Restated Net Position December 31, 2014	\$3,539,552	\$382,482	\$3,922,034

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

**City of Campbell, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2015*

**Note 20 - Compliance**

*Compliance*

Contrary to Ohio Revised Code Section 5705.41(B) the following funds and departments had expenditures plus encumbrances in excess of appropriations:

Fund	Appropriations	Expenditures Plus Encumbrances	Variance
<b>General Fund:</b>			
Police - Wages	\$ 806,150	\$ 1,015,436	\$ (209,286)
Police - Operations/Management	245,650	298,813	(53,163)
Fire - Wages	192,743	266,321	(73,578)
Mayor - Wages	33,900	37,765	(3,865)
Mayor - Benefits	27,444	36,560	(9,116)
Mayor - Operations/Management	5,867	9,877	(4,010)
Muni Court - Wages	118,000	129,653	(11,653)
Muni Court - Benefits	106,875	142,378	(35,503)
Muni Court - Operations/Management	39,536	56,702	(17,166)
Law - Wages	18,750	20,104	(1,354)
Parks - Benefits	38,200	57,853	(19,653)
<b>Other</b>			
Parks - Operations/Management	130,026	133,016	(2,990)
Street - Wages	121,521	132,187	(10,666)
Street - Benefits	90,460	100,632	(10,172)
Fire Pension - Benefits	18,450	23,861	(5,411)
Permissive Tax - Operations/Management	84,000	154,016	(70,016)
Stormwater Management - Wages	7,691	10,564	(2,873)
Infrastructure & Equipment - Operations/Management	201,493	808,417	(606,924)
Water Operating - Wages	3,964,719	513,991	3,450,728
Service - Operations/Management	20,000	23,756	(3,756)
Industrial Light Grant - Operations/Management	40,000	186,740	(146,740)
Law Enforcement Trust Fund II - Operations/Management	53,489	156,118	(102,629)
Pending LE Seized Funds - Operations/Management	30,117	42,580	(12,463)
BFI Trash Collections - Operations/Management	502,040	506,732	(4,692)
Stale Check - Operations/Management	135	14,323	(14,188)
YMCA Police Patrol - Benefits	23,892	28,747	(4,855)

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## Required Supplementary Information

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**City of Campbell, Ohio**  
*Required Supplementary Information*  
*Schedule of the City's Proportionate Share of the Net Pension Liability*  
*Ohio Public Employees Retirement System - Traditional Plan*  
*Last Two Years (1)*

	2014	2013
City's Proportion of the Net Pension Liability	0.008948%	0.008948%
City's Proportionate Share of the Net Pension Liability	\$1,079,229	\$1,054,853
City's Covered-Employee Payroll	\$1,096,975	\$1,015,953
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	98.38%	103.83%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.45%	86.36%

(1) Information prior to 2013 is not available.

Amounts presented as of the City's measurement date which is the prior fiscal year end.

**City of Campbell, Ohio**  
*Required Supplementary Information*  
*Schedule of the City's Proportionate Share of the Net Pension Liability*  
*Ohio Police and Fire Pension Fund*  
*Last Two Years (1)*

	2014	2013
City's Proportion of the Net Pension Liability	0.0494442%	0.0494442%
City's Proportionate Share of the Net Pension Liability	\$2,561,416	\$2,408,088
City's Covered-Employee Payroll	\$1,039,018	\$939,933
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	246.52%	256.20%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.20%	73.00%

(1) Information prior to 2013 is not available.

Amounts presented as of the City's measurement date which is the prior fiscal year end.

**City of Campbell, Ohio**  
*Required Supplementary Information*  
*Schedule of the City's Contributions*  
*Ohio Public Employees Retirement System - Traditional Plan*  
*Last Three Years (1)*

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$134,017	\$131,637	\$132,074
Contributions in Relation to the Contractually Required Contribution	<u>(134,017)</u>	<u>(131,637)</u>	<u>(132,074)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered-Employee Payroll	\$1,116,807	\$1,096,975	\$1,015,953
Contributions as a Percentage of Covered-Employee Payroll	12.00%	12.00%	13.00%

(1) Information prior to 2013 is not available.

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**City of Campbell, Ohio**  
*Required Supplementary Information*  
*Schedule of the City's Contributions*  
*Ohio Police and Fire Pension Fund*  
*Last Ten Years*

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually Required Contribution	\$219,051	\$206,921	\$223,569	\$264,035
Contributions in Relation to the Contractually Required Contribution	<u>(219,051)</u>	<u>(206,921)</u>	<u>(223,569)</u>	<u>(264,035)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered-Employee Payroll	\$1,103,029	\$1,039,018	\$939,933	\$937,643
Contributions as a Percentage of Covered-Employee Payroll:	19.86%	19.92%	23.79%	28.16%

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$171,861	\$261,032	\$222,429	\$265,072	\$266,783	\$279,563
<u>(171,861)</u>	<u>(261,032)</u>	<u>(222,429)</u>	<u>(265,072)</u>	<u>(266,783)</u>	<u>(279,563)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$808,700	\$881,338	\$766,045	\$904,492	\$942,602	\$933,904
21.25%	29.62%	29.04%	29.31%	28.30%	29.93%

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**JAMES G. ZUPKA, C.P.A., INC.**

*Certified Public Accountants  
5240 East 98<sup>th</sup> Street  
Garfield Hts., Ohio 44125*

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Ohio Society of Certified Public Accountants

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Members of City Council  
City of Campbell  
Campbell, Ohio

The Honorable Dave Yost  
Auditor of State  
State of Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Campbell, Mahoning County, Ohio, (City) as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated July 26, 2016, wherein we noted that the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68*, and restated its net position at December 31, 2014 for governmental and business-type activities.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the City of Campbell, Ohio's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Campbell, Ohio's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Campbell, Ohio's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City of Campbell, Ohio's financial statements will not be prevented, or detected and corrected on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses that we considered material weaknesses as items **2015-002 and 2015-003**.

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the City of Campbell, Ohio's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item **2015-001**

### **Responses to Findings**

The City of Campbell, Ohio's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. City of Campbell, Ohio's responses were not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly we express no opinion on them.

### ***Purpose of This Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Campbell, Ohio's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Campbell, Ohio's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



James G. Zupka, CPA, Inc.  
Certified Public Accountants

July 26, 2016

**CITY OF CAMPBELL  
MAHONING COUNTY, OHIO  
SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2015**

**Finding No. 2015-001 - Material Non-Compliance - Expenditures Exceeding Appropriations**

Statement of Condition/Criteria

Ohio Revised Code Section 5705.41(B) prohibits a City from expending money unless it has been appropriated.

Cause/Effect

During our review of budgetary procedures, we noted that the following funds had expenditures plus encumbrances that exceeded appropriations plus prior year encumbrances, which is contrary to Ohio Revised Code Section 5705.41(B).

<u>Fund</u>	<u>Appropriations</u>	<u>Expenditures Plus Encumbrances</u>	<u>Variance</u>
<b>General Fund:</b>			
Police - Wages	\$ 806,150	\$ 1,015,436	\$ (209,286)
Police - Operations/Management	245,650	298,813	(53,163)
Fire - Wages	192,743	266,321	(73,578)
Mayor - Wages	33,900	37,765	(3,865)
Mayor - Benefits	27,446	36,560	(9,116)
Mayor - Operations/Management	5,867	9,877	(4,010)
Muni Court Wages	118,000	129,653	(11,653)
Muni Court - Benefits	106,875	142,378	(35,503)
Muni Court - Operations/Management	39,536	56,702	(17,166)
Law - Wages	18,750	206,104	(1,354)
Parks - Benefits	38,200	57,853	(19,653)
<b>Other</b>			
Parks - Operations/Management	130,026	133,016	(2,991)
Street Wages	121,521	132,187	(10,666)
Street - Benefits	90,460	100,632	(10,172)
Fire Pension - Benefits	18,450	23,861	(5,411)
Permissive Tax - Operations/Management	84,000	154,016	(70,016)
Stormwater Management - Wages	7,691	10,564	(2,873)
Infrastructure & Equipment - Operations/Management	201,493	808,417	(606,924)
Water Operating - Wages	394,719	513,991	(119,272)
Service - Ops/Mgmt	20,000	23,756	(3,756)
Industrial Light Grant - Operations/Management	40,000	186,740	(146,740)
Law Enforcement Trust Fund II - Operations/Management	53,489	156,118	(102,629)
Pending LE Seized Funds - Operations/Management	30,117	42,580	(12,463)
BFI Trash collection - Operations/Management	502,040	506,732	(4,692)
Stale Check - Operations/Management	135	14,323	(14,188)
YMHA Police Patrol - Benefits	23,892	28,747	(612)

Recommendation

We recommend that the City exercise due care to ensure expenditures plus encumbrances do not exceed appropriations plus prior year encumbrances. This will assist the City in avoiding negative fund balances and also ensure the City is in compliance with Ohio Revised Code Section 5705.41(B).

City's Response

The City will implement the recommendation.

**CITY OF CAMPBELL,  
MAHONING COUNTY OHIO  
SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2015  
(CONTINUED)**

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**Finding No. 2015-002 - Material Weakness - Bank Reconciliations**

Statement of Condition/Criteria

Based on our audit of the cash function for the City, we noted that the monthly bank reconciliations are not being prepared timely. In addition, we noted there was no separate approval process for either the City or the Court bank reconciliations.

Cause/Effect

Lack of controls over the bank reconciliation processes and posting can lead to possible errors and adjustments not being identified and corrected on a timely basis.

Recommendation

We recommend that the City prepare their bank reconciliations timely and, in addition, post and correct any reconciling items timely/monthly. We also recommend that bank reconciliations be approved and signed off by an individual that is independent of the bank reconciliation procedures.

City's Response

The City will implement the recommendations.

**CITY OF CAMPBELL  
MAHONING COUNTY, OHIO  
SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2015  
(CONTINUED)**

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**Finding No. 2015-003 - Material Weakness - Posting Receipts and Disbursements to the System**

Statement of Condition/Criteria

During our review of receipts and disbursements, we identified the following control deficiencies which could result in material misstatements:

1. Receipts and disbursements are posted to the system one to two months after the transaction occurs.
2. Checks are typed using a typewriter and then later entered into the system.
3. The City was unable to provide support for a receipt which was recorded for a liquor license. These receipts were received by the City through wire transactions.

Cause/Effect

Lack of controls over entering/recording transactions in the system can result in errors and irregularities that may go undetected and decrease the reliability of financial data at year end.

Recommendation

We recommend that the City record transactions in its system timely and implement controls to ensure the transactions are recorded accurately and timely. We also recommend that the City receive training on how to properly use its system to help improve accuracy and efficiency. Starting in 2016 the City began preparing vendor checks through the use of financial software instead of manually.

City's Response

The City will implement the recommendations.

**CITY OF CAMPBELL  
MAHONING COUNTY, OHIO  
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b>Explain.</b>
2014-001	Expenditures Exceeding Appropriations	No	Repeated as <b>Finding 2015-001</b>
2014-002	Bank Reconciliations	No	Repeated as <b>Finding 2015-002</b>
2014-003	Posting Receipts and Disbursements to the System	No	Repeated as <b>Finding 2015-003</b>
2014-004	Internal Controls Over Financial Reporting	Yes	Corrected

Management letter recommendations have been corrected, repeated, or procedures instituted to prevent occurrences in this audit period.



# Dave Yost • Auditor of State

**CITY OF CAMPBELL**

**MAHONING COUNTY**

## **CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
OCTOBER 18, 2016**